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Annual Report 0304

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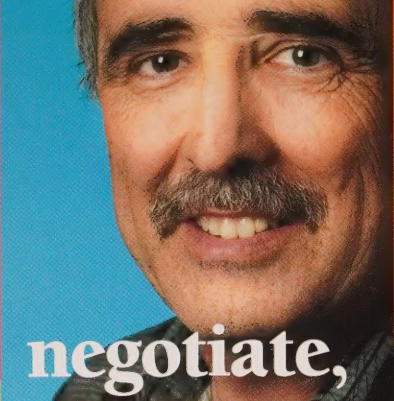
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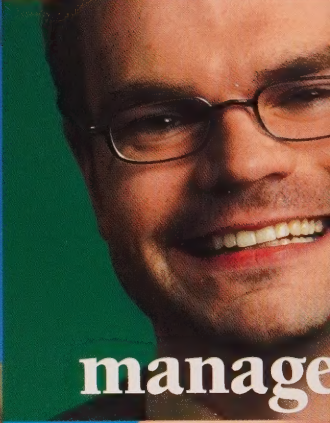
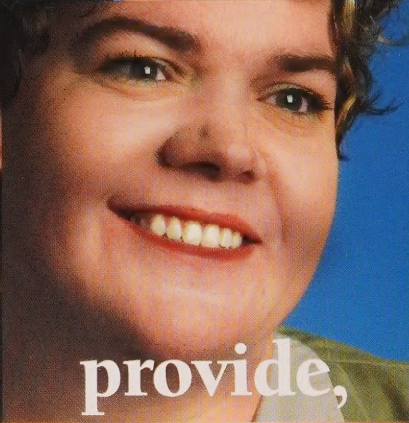
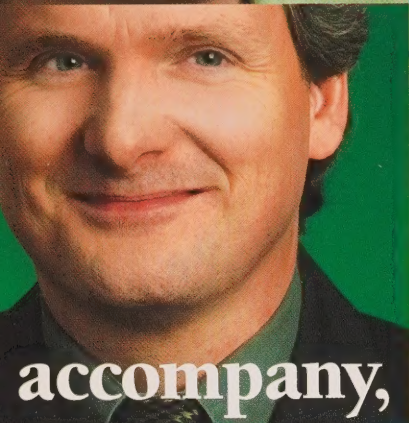


CCC

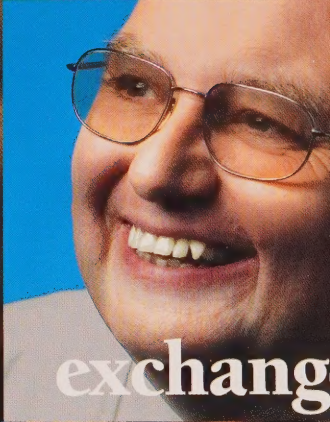
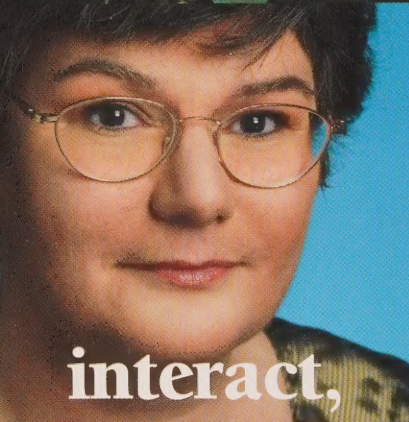
Canadian Commercial Corporation
Corporation Commerciale Canadienne



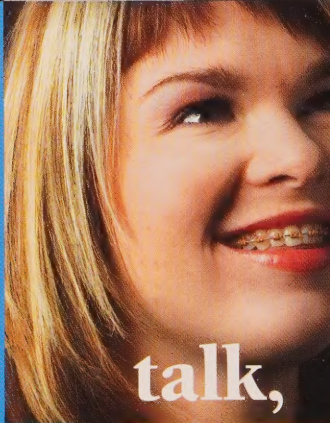
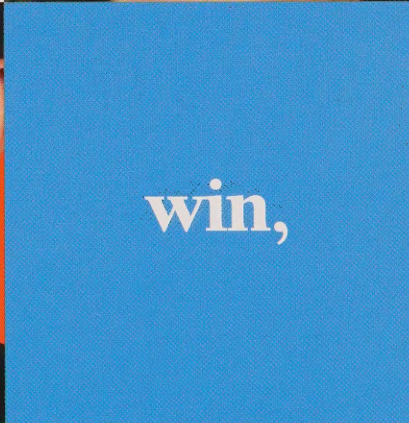
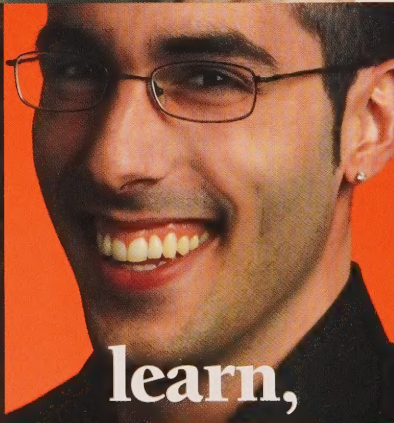
“We help, negotiate, respond, contact



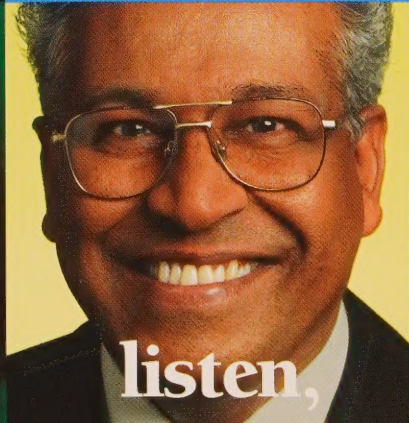
accompany, assist, provide, manage



interact, support, facilitate, exchange



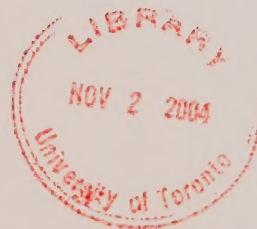
coordinate, learn, win, talk,



solve, counsel, listen, promote.

“ We listen. We respond. ”

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Highlights 0304

Value of new
export
orders signed

\$1.144 billion

Percentage of clients
that are SMEs

84%

Number of Canadian
companies accessing
CCC services

3,702

Number of exporters
contracting
through CCC

194

Sales to 24 other
countries

\$226 million

Parliamentary
appropriation

\$16.3 million

Fees for service
and related income

\$10.3 million

Gross revenues from
commercial trading
transactions*

\$1.121 billion

Sales to U.S.

\$918 million

SECTOR BREAKDOWN

6%

Consumer products
and services

8%

Information and
communications

30%

Defence

34%

Aerospace

17%

Transportation
and automotive

1%

Electrical and power
equipment

2%

Health and agriculture

2%

Oil and gas, environment

* Includes revenue from current and previous years' contracts



“We achieve.”

Who We Are

For Canadian exporters, CCC is a partner who helps open the door to international markets and win export sales. Since 1946, we have served thousands of companies in all regions of Canada, helping them capture over \$30 billion in export business.

Our principal business is to act as a prime contractor, signing contracts with foreign buyers for goods and services from Canadian companies. When we are involved in a deal, the foreign buyer gets a unique and powerful government-backed guarantee of contract performance, while the Canadian exporter gains the confidence and credibility that comes from having the Government of Canada at the table.

As a Crown corporation reporting to Parliament, CCC has a mandate to facilitate international trade. We collaborate with numerous federal institutions and other levels of government and private sector stakeholders to support Canada's export businesses.

Selling through CCC gives Canadian exporters access to public procurement markets around the world. The largest of these opportunities is the United States, where for years CCC has been helping Canadian businesses win export sales in the aerospace and defence markets. CCC also supports Canadian exporters interested in selling to U.S. government departments and agencies.

Over 80% of CCC's clients are small- and medium-sized companies. These smaller, growing businesses count on CCC for assistance when trying to break into world markets or wanting to expand their existing presence. CCC also works with Canadian companies to help them win their share of large-scale international projects.

For buyers around the world, CCC offers the opportunity to purchase the best that Canada can offer.

Headquartered in Ottawa, CCC maintains liaison offices in major centres across Canada in cooperation with provincial trade authorities.

MANDATE

The *Canadian Commercial Corporation Act* describes CCC's legislated mandate to assist in the development of trade between Canada and other nations. The Act provides CCC with a broad range of powers including, specifically, "exporting goods and commodities from Canada either as principal or as agent, in such manner and to such extent as it deems advisable."

MISSION

CCC's mission is to serve as an effective Canadian trade instrument, bringing international buyers and Canadian sellers together and closing successful export contracts on the best possible terms and conditions.

SERVICES

CCC's services are designed to meet the demands of Canadian exporters who are looking to improve their chances of success in an increasingly competitive international marketplace. CCC offers solutions for Canadian exporters to access foreign government procurement markets and offshore private sector buyers.

When a government-to-government arrangement is the added value that will close the export deal for a Canadian exporter, CCC's **International Prime Contractor Service** can be the perfect solution. When CCC acts as Prime Contractor, buyers are provided a government-backed guarantee of contract performance and exporters receive assistance with the sales process – in reviewing complex elements of a proposal, in contract negotiations, and in managing even the most complex international contract. This service is also offered in an unbundled manner as **Project Promotion Services, Contract Advisory Services** and **Contract Management Services**. With this option, exporters can create a customized package of services to meet their specific needs.

Exporters often require access to working capital to produce and deliver on a contract. **The Progress Payment Program** (PPP) facilitates this access to commercial sources of pre-shipment financing. CCC's involvement helps an exporter's financial institution provide funds for a specific export project that may be beyond the exporter's regular line of credit.

CCC provides unique access to **U.S. Defence and Aerospace Markets** as the Canadian manager of the Defense Production Sharing Arrangement (DPSA). The procurement regulations of the U.S. Department of Defense require all purchases from Canada over US\$100,000 be undertaken through CCC.

CCC's **General Services Administration (GSA) Schedules Program** helps Canadian exporters sell to civilian agencies as well as to state and local governments in the United States. CCC's detailed understanding of the complex GSA bidding and contract process can put Canadian exporters on an equal footing with American business vying for opportunities in these markets.

CCC's partnership with Industry Canada in **SourceCAN** helps Canadian exporters identify business leads with governments in the United States and other markets. CCC matches thousands of global business opportunities to Canadian companies and their products and services, and electronically delivers these business leads daily to SourceCAN registrants. For their part, buyers can use SourceCAN to publicize their procurement requirements to Canadian companies.

In the role of **Procurement Agent**, CCC helps foreign buyers access high-quality Canadian goods and services by undertaking the contracting process and managing the purchasing cycle.

“When CCC is involved in a deal, the foreign buyer gets a unique and powerful government-backed guarantee of contract performance, while the Canadian exporter gains the confidence and credibility that comes from having the Government of Canada at the table.”

“We lead.”



Chairperson's Message

It has been an exciting and truly rewarding year. I am proud of the accomplishments CCC has realized – exceeding its performance objectives in business volume, commercial revenues generated and in awareness among Canadian exporters. All indicators show that we are on track to successfully fulfill our mandate.

2003-2004 marked my first complete year as Chairperson of the Board of CCC. I had the opportunity to learn about all aspects of CCC's environment, from its operations and strategies for managing risk, to its relationships with stakeholders and management approaches. It was also a year of evolution for the Board as a whole: it adjusted to operating with a Chairperson who is independent from management; the composition of the Board changed; and several new members were added, bringing a wide and valuable diversity of business and bureaucratic experiences and expertise to the table. The Board devoted significant time to learning how to function as a cohesive, effective body and with the executive team.

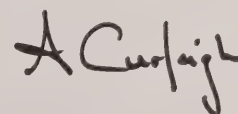
To achieve continued success, sound governance practices and mechanisms must be observed and the Board is constantly engaged in discussion on ways and means to become better in this regard. Last year we proceeded with a review of the Corporation's by-laws and Board practices. The Audit Committee's work and recommendations as they relate to financial performance and management contributed substantially to the Board's ability to reach sound decisions and provide direction. The investment in governance is a reflection of the Board's commitment to CCC's commercial mandate and its strong determination to see the Corporation succeed. It strengthens the Board and the guidance it provides to management.

Last year I sought to establish a more effective connection between the Board and the Minister of International Trade in order to facilitate the exchange of ideas and information on CCC's activities and to offer our contributions as a key instrument of the Government of Canada's trade policy. It is my intention to extend this dialogue in the coming year to more deeply engage other stakeholders, including parliamentarians, Treasury Board, Finance and other Crown corporations. I want the Board to be seen as the vanguard pushing CCC to accomplish more. By all accounts, we are on the right track.

On behalf of the Board, I would like to thank Douglas Patriquin for his service to Canada's export community. I have appreciated the opportunity to work along side Doug during his final year as President. His deep understanding of the trade business and his enthusiasm for the work CCC performs greatly impressed me. He worked to create an organization that provides real value to its clients around the world, and I believe his accomplishments in that regard speak for themselves.

I would also like to extend thanks to John Banigan, Marie-Lucie Morin and Wendy Morris for their service on the CCC Board of Directors.

Finally, I offer my compliments to all CCC employees who, year after year, diligently and creatively work for the benefit of Canada's export community.



Alan R. Curleigh

“The investment in governance is a reflection of the Board's commitment to CCC's commercial mandate and its strong determination to see the Corporation succeed.”

President's Message

In 2003-2004, we continued to take steps forward in fulfilling the key objectives we established in our Corporate Plan – progress towards financial self-sufficiency and a more diversified export portfolio. This is my first annual report as President of the Canadian Commercial Corporation and I am pleased to report positive results for our efforts.

GROWING OUR BUSINESS RESPONSIBLY

Despite tight operating cost control, a net loss for the year was recorded. This was caused by foreign exchange losses attributable to a fast rising Canadian dollar and a higher than usual provisioning for future additional contract costs or losses.

“During the coming years, CCC will continue to encourage and facilitate dialogue on social, environmental and ethical matters, including the important issues relating to transparency in international contract dealings.”

However, for the second year in a row, CCC managed to generate more revenues than expenses for activities not related to the Canada-U.S. Defense Production Sharing Arrangement (DPSA). This means we are well positioned to achieve the goal we have set in our Corporate Plan of sustained self-sufficiency for business outside DPSA by 2006-2007.

CCC signed contracts for export business totaling \$1.144 billion in 2003-2004. We met or exceeded virtually all of our key business objectives. With the emphasis on security and defence

in the United States, the year was extremely positive for Canadian exporters contracting under the DPSA. Business volume of almost \$800 million, out of a total of \$918 million in the U.S., reached the highest level ever recorded for the program. But this outstanding performance under DPSA impacted on our progress regarding portfolio diversification. Improved market opportunities and better results in markets other than the U.S. should help us achieve a more diversified export portfolio next year.

A key objective for CCC is to increase its level of awareness with Canadian exporters. During the year, the number of clients accessing CCC services increased by a remarkable 88%. This reflected a large increase in the use of the Corporation's electronic bid matching service, through which procurement opportunities from governments and organizations around the world are matched against companies' capabilities, providing them with real-time market intelligence regarding potential export opportunities. Our client community is not only becoming more familiar with the services we offer, but Canadian exporters are telling us they greatly appreciate the value we offer.

CAPACITY TO DELIVER RESULTS

Internally, during the year, we completed the implementation of a new information management platform to support enhanced performance measurement tools, allow for “just in time” business and financial tracking, and provide enhanced customer relationship management capabilities. The successful conclusion of this project, which was initiated almost two years ago, provides us with the “next generation” infrastructure needed to significantly enhance service delivery capabilities to both our internal and external clientele.

CCC has recognized that continuous learning is fundamental to its ongoing success. Last year, we invested heavily in training to sharpen our employees' financial and project management skills, develop greater capabilities in risk assessment analysis, and strengthen their ability to manage, negotiate and communicate with our stakeholders. Through exposure to continuous learning opportunities, we are ensuring that our people have the necessary skills to maintain our high standards of service.



“We care.”

LOOKING AHEAD

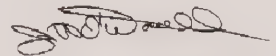
CCC continues to work closely with government officials to support trade policy initiatives. We are well positioned to strengthen the relationship between Canada and the U.S. by further developing defence industry linkages with our neighbours to the south, opening up new opportunities for security cooperation and expanding general government procurement opportunities for Canadian businesses. CCC can also play an important role in efforts directed at smaller, emerging economies where government-to-government commercial arrangements offer greater attraction for the buyer than in larger economies.

CCC has the experience and the know-how. It can facilitate a transparent procurement process, filling important roles like selecting the administrator for the Canada Investment Fund for Africa, or procuring critical pharmaceuticals for Zambia. The Corporation has also been working with government officials to analyze and assess new technologies for commercialization. CCC's government-backed performance guarantee for technology companies involved in export contracts enhances their competitiveness and provides a valuable means for helping commercialize new technologies.

There are many untapped opportunities for CCC to deliver significant value to Canadian exporters in this commercial world. I believe that a much larger portion of the US\$5.5 trillion international public procurement market should be available to Canadian suppliers of advanced management, technology and systems. Capital projects such as airports and social infrastructure, where Canada's reputation is excellent, should also have greater Canadian input. In the coming year, under the Board's direction, CCC will investigate the most appropriate means – including an evaluation of its own capabilities and requirements – to offer new commercial services. Our objective will be to help Canadian exporters take a more active and rewarding role in these types of opportunities.

In our efforts to meet the commercial challenges and opportunities of the international procurement marketplace, we must be ever mindful of a requirement to undertake our business in a responsible and transparent manner. During the coming years, CCC will continue to encourage and facilitate dialogue on social, environmental and ethical matters, including the important issues relating to transparency in international contract dealings.

In closing, I would like to express my appreciation for the dedication and hard work of the entire CCC staff who helped to make this a successful year. I would also like to acknowledge the contributions of Doug Patriquin, who preceded me as CCC's President. Doug set a formidable standard for achievement. In his 10 years with the Corporation, Doug provided insightful and strategic guidance, endearing and responsive leadership, and a steadfast determination to make CCC a more valuable resource to Canadian exporters. On behalf of all of us at CCC, we extend our many thanks and best wishes for him in the future.



J. Hugh O'Donnell

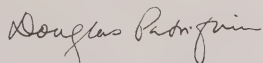
PAST PRESIDENT'S MESSAGE

Delivering a real benefit to Canada's exporters and their customers isn't a complicated idea. Success occurs when the objective is turned into reality. Over the last decade, CCC has signed and managed more than \$10 billion worth of export contracts.

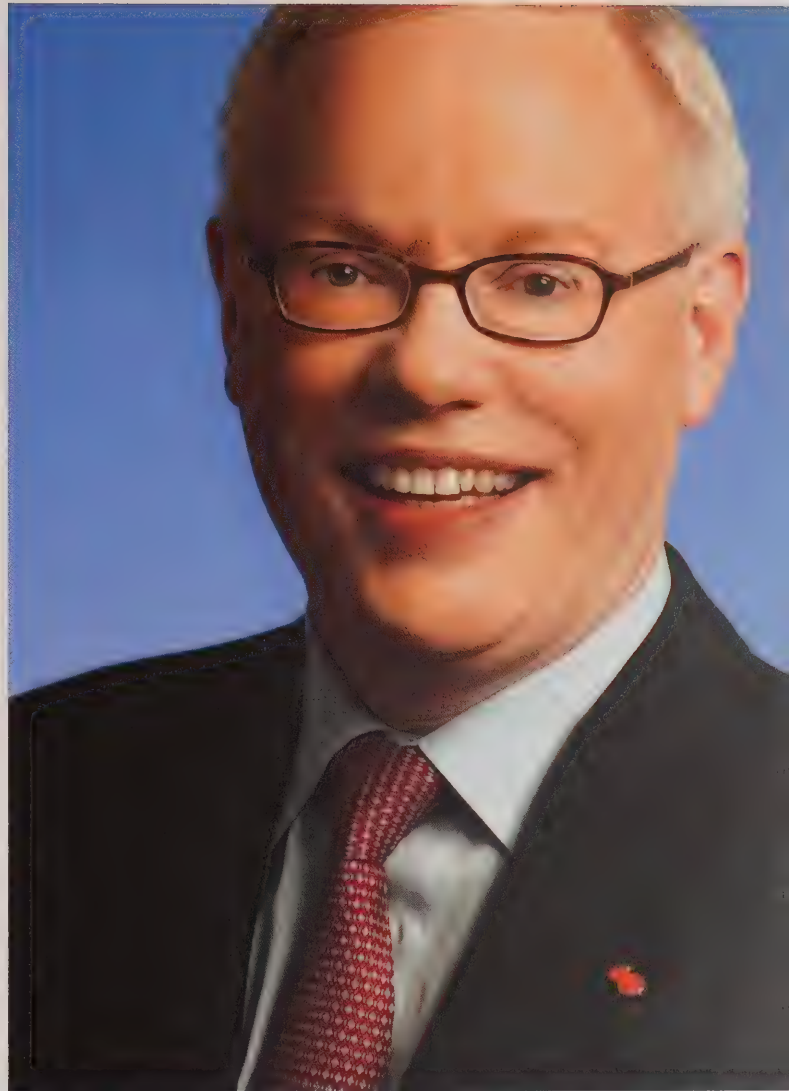
CCC is a place where people are passionate about the service they perform. In 10 years at CCC, I have seen the Corporation bring hundreds of Canadian companies, both large and small, into thousands of successful export contracts with international customers. These involved extraordinary Canadian technologies and know-how, from Light Armoured Vehicles, which have created a revolution in military technology, to Canada's finest pipe organs, installed in churches and concert halls around the world.

As noted by the Chair, Alan Curleigh, CCC has evolved as an organization. It has strengthened its formal governance structures and received consistently high client survey ratings. The Corporation has played a positive and important role in supporting North American defence and security preparation. At the same time, it has been engaged in putting together increasingly sophisticated commercial transactions, to meet the changing needs of exporters and evolving procurement markets.

Through all of this, I have been impressed with the Corporation's responsive, innovative and practical service. I would like to thank my colleagues, and all those who have worked with CCC, for their support of this unique Canadian institution. I take with me many fond memories and will cherish the friendships that were forged for years to come.



Douglas Patriquin



HELPING COMPANIES TO GROW

Selling through CCC has been a huge benefit for Anachemia Canada Inc., a Montreal-based chemical and laboratory supply company. In fact, Anachemia's partnership with CCC shows that sometimes you can't get enough of a good thing.

Access to the U.S. military market through CCC comes from a special agreement between Canada and the U.S. With CCC's support, Anachemia has supplied the U.S. military since 1984 and more business is on the way, with two basic ordering agreements in place for chemical agent detectors and training kits for the military.

CCC's ability to sign contracts with foreign governments has allowed Anachemia to sell to Norway, the Netherlands, United Kingdom, Austria and Australia, as well as Denmark, Switzerland and Germany. Altogether, Anachemia has approximately \$59 million in exports through CCC.

For smaller, growing companies, exporting and procurement rules and regulations can be a maze to negotiate, whether it's dealing with export permits and import duties, or country-specific licensing requirements. With CCC involved, Anachemia has been able to keep its focus on R&D and marketing. CCC will be there to help facilitate future sales by making sure the company has solid contracts on which to grow its business.

Corporate Performance Against Objectives

THE RATIONALE FOR SETTING PERFORMANCE OBJECTIVES

CCC sets performance objectives to measure its progress in implementing key strategies outlined in its five-year Corporate Plan.

Performance measures and targets, both operational and financial, are designed to help management and staff, the Board of Directors and government officials with oversight responsibilities, to monitor and track the performance of the Corporation relative to the strategic directions laid out in the Corporate Plan.

In the 2003 Corporate Plan, CCC's three strategic directions were to:



1. Achieve a diversified export contract portfolio;
2. Sharpen the commercial focus; and
3. Enhance the corporate profile and increase exporter and government decision-maker awareness.

In its 2003-2004 Corporate Plan, CCC categorized its performance objectives as either primary or secondary in nature. Primary measures are linked to the Corporation's parliamentary mandate, and therefore their importance is appropriately measured by an annual comparison of targeted versus actual results. Secondary performance measures show how successful internal service units are performing in supporting groups directly responsible for meeting the primary objectives. The distinction between the primary and secondary objectives also lies in their evaluation, for secondary measures are often viewed as evolutionary in nature, reflecting goals designed to be achieved over a number of years.

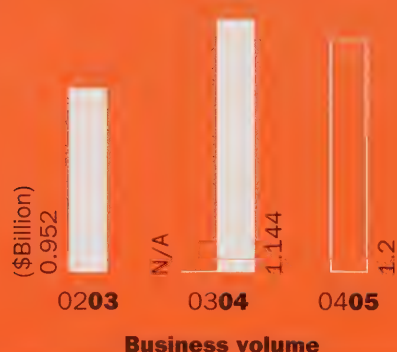
PRIMARY PERFORMANCE OBJECTIVES

CCC's primary performance measures indicate how effective it has been in the new direction provided by the Government in 2002, notably to achieve self-sufficiency outside the Defense Production Sharing Arrangement (DPSA) and to diversify its export contract portfolio.

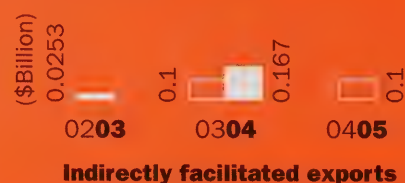
OBJECTIVE 1: ACHIEVE A DIVERSIFIED EXPORT CONTRACT PORTFOLIO

Performance measure  Results  Target

2003-2004 was an excellent year with respect to CCC's performance objectives for directly facilitated and indirectly facilitated exports. "Value of orders received" and "business volume" are terms sometimes used interchangeably to reflect the total value of contracts and amendments (not commercial trading transactions or billings) signed during the year. "Directly facilitated exports" are the value of effective contracts and amendments signed by CCC through its Prime Contractor and Progress Payment Program services. It is different from business volume as it excludes contracts with suppliers outside of Canada.

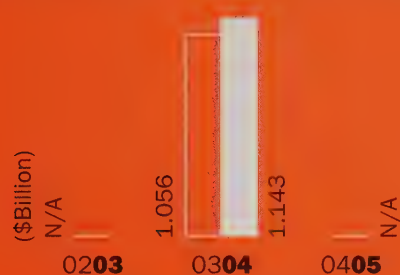


Determining the value of indirectly facilitated exports is an attempt to quantify the impact CCC has had with services other than its prime contractor offering. These are services where CCC has provided the business opportunity or has undertaken project promotion or offered contract advisory services – the client did not require CCC to act as prime contractor to win these sales. Definitively quantifying the full value of sales made with indirect CCC support is difficult since CCC is not always apprised of program values or the success of ventures, particularly if they are part of multi-staged programs. Despite these difficulties, CCC identified approximately \$167 million in business volume related to indirectly facilitated exports. Conceivably, the number could be much larger, however, this remains a formidable accomplishment in itself during the 2003-2004 export year.



Attaining \$1.143 billion in directly facilitated exports and eclipsing the performance target of \$1.056 billion is a remarkable achievement in a year characterized by a much higher-valued Canadian dollar and a marked decline in the value of all Canadian exports traded. The soaring Canadian dollar significantly reduced the value of contracts signed in U.S. dollars and affected currency-converted

payments. The impact of this was significant as a large percentage of CCC's contracts are denominated in U.S. dollars. Business volume from these contracts would have been many millions of dollars higher than that shown in this year's performance measures had exchange rates remained comparable to the previous year.



Directly facilitated exports

The strong demand by the U.S. government for security and defence related products and services contributed to very high exports to that country. In fact, the percentage growth in U.S. exports was much greater than the growth in exports to other countries. As a result, the Corporation experienced a higher than targeted diversity measure (36 percent) for its non-aerospace and defence measure and a lower than targeted result for percentage of exports to countries other than the U.S. (20 percent). CCC views the diversification objective to be a challenging one in the current economic climate and is hoping to continue to capitalize on U.S. demand

while developing other markets more aggressively to meet the target for this diversity metric next year. CCC's pipeline for future business is healthy and shows a far greater degree of sector and country variety in the opportunities being pursued with our exporters. Although we signed contracts in 25 countries last year, compared to 31 in 2002-2003, we were pursuing opportunities in 54 other countries.



Non-aerospace and defence business volume as a percentage of directly facilitated exports



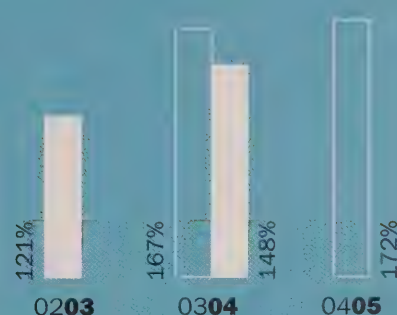
Percentage of directly facilitated exports from countries other than U.S.

OBJECTIVE 2: SHARPEN THE COMMERCIAL FOCUS

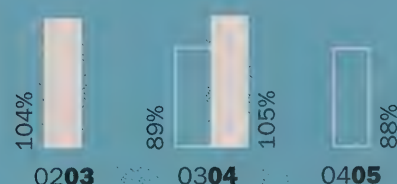
Performance measure Results Target

The Corporation missed its performance target ratio of non-DPSA revenues to direct non-DPSA costs this year. This was principally due to additional contract costs associated with a charge in the year for a SME facilitated non-DPSA transaction. However, the Corporation bettered last year's results, indicating that it has significantly improved its revenue to direct cost performance and overall efficiency. This achievement gives the Corporation confidence that it can continue this upward trend to reach even higher levels of cost efficiency without compromising the quality of service our clients have come to expect.

Following completion of last year's annual report, it was subsequently determined that the index of revenues to total non-DPSA costs – a measure of profitability outside the DPSA – was 105 percent. This meant that the Corporation had met the government's mandate of commercial self-sufficiency outside DPSA four years earlier than planned. The Corporation has matched this same result this year. Clearly, based on this two-year trend, achieving the longer-term objective of economic self-sufficiency is attainable and CCC may now be on a road to sustained profitability outside of the government mandated and funded DPSA service.





Revenues (other than from Parliament) as a percentage of direct non-DPSA costs



Revenues (other than from Parliament) as a percentage of total non-DPSA costs (including allocated overheads)

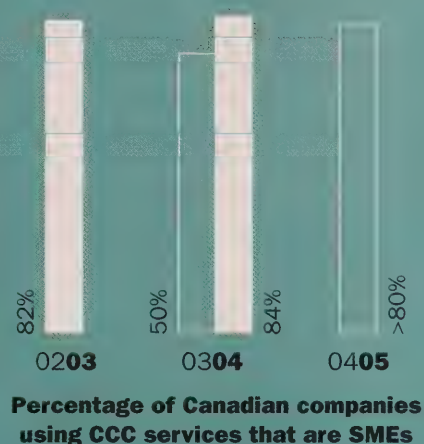
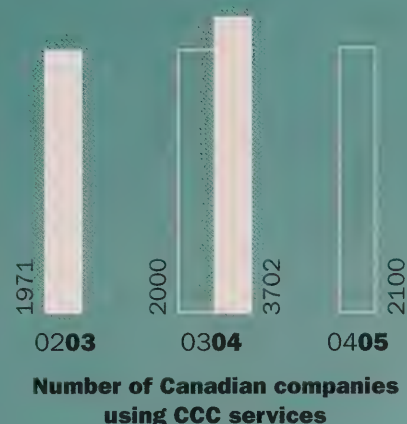
OBJECTIVE 3: ENHANCE THE CORPORATE PROFILE AND INCREASE AWARENESS

Performance measure  Results  Target

CCC's performance objectives in this area are related to two key indicators – companies using CCC services, and the proportion of clients that are small- and medium-sized enterprises.

With respect to the number of clients using CCC services, data is derived from a number of sources, including internal customer relationship management systems and SourceCAN, a collaborative service offering with Industry Canada. The increasing popularity of SourceCAN as a source of business leads has been a major factor in the 88 percent increase in the number of clients served by CCC this past year. CCC had earlier forecast a conservative growth outlook for the exporter sector in 2004 and targeted a 10-percent growth rate (to 2100) in customers accessing services next year. The actual results for this year suggest that the Corporation will need to revisit its forecast for 2004-2005, possibly setting a new goal that would eclipse a level of 4000 clients served.

In setting a target in the 2003-2004 Corporate Plan for SMEs to represent 50 percent of its customers, the Corporation was of the view that its business development efforts in that year could be directed to more established, larger project exporters actively involved in non-U.S. based projects. This strategy related to the need to diversify its export portfolio and to increase revenues to achieve the self-sufficiency objective. Results for the year indicate that overseas projects and those involving larger and experienced companies did not materialize in 2003-2004 given the difficult economic conditions that existed for established exporters. As a result, when the number of clients accessing CCC services was tallied, they were again heavily weighted toward SMEs – 84 percent. The Corporation believes that approximately the same number of SMEs (>80 percent) will be using its services in 2004-2005 even though it continues to look for prospects with larger firms involved in major projects outside the U.S. It is conceivable as well that due to the popularity of SourceCAN, which tends to have a larger percentage of SME users, this ratio could be higher than 80 percent in 2004-2005.



SECONDARY PERFORMANCE OBJECTIVES

Secondary performance indicators are not viewed as being any less important to the Corporation, rather they reflect measurement objectives that are likely to take several years to be fulfilled. Performance measures deemed to be secondary in nature include:

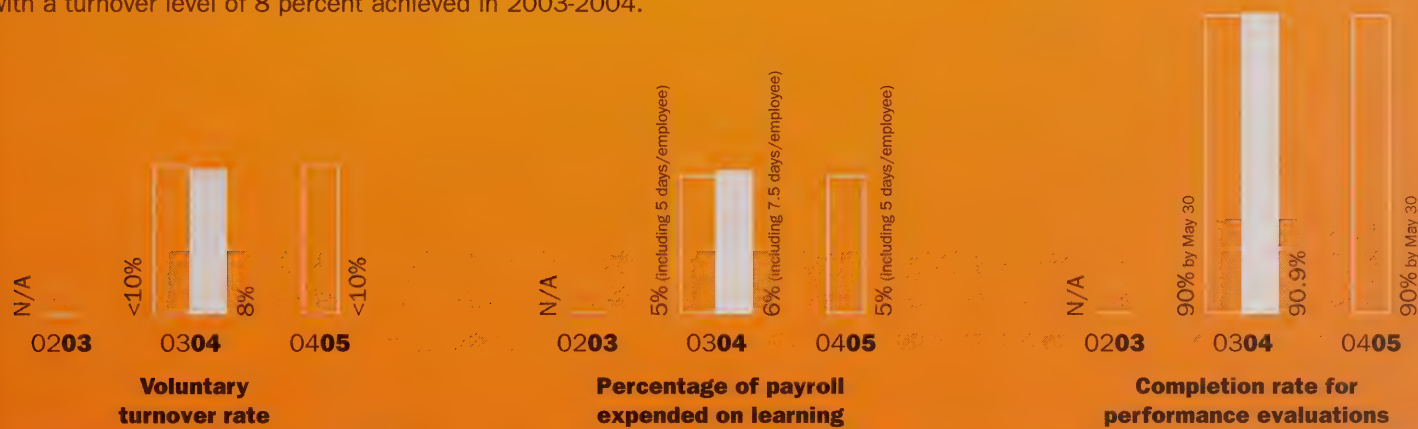
- Improving the internal and external service delivery capacity in the areas of human resources and informatics;
- Maintaining or improving specific financial and related operations performance indicators; and
- Ensuring that targeted communications activities are met or exceeded and long-term awareness targets remain on-track.

HUMAN RESOURCES

Performance measure Results Target

The successful achievement of its strategic business objectives is largely dependent upon CCC's ability to attract, develop, motivate and retain a multi-talented workforce. Exit interviews and other feedback programs have consistently indicated that CCC is a "great place to work." CCC believes that a turnover rate of less than 10 percent, even for a small Corporation where retirements and moves can significantly impact this measure, is a reasonable yet challenging objective for managers to meet. CCC continues to function effectively within that turnover range, with a turnover level of 8 percent achieved in 2003-2004.

"Commitment to learning" and "adaptability" are the overarching competencies at the heart of CCC's human resources strategy. The "5 + 5" approach in which five percent of payroll expenditures are invested in development initiatives, and every employee is expected to devote five days to learning activities is a popular and successful approach used this year for training and development. CCC met this objective for the year, and this target will remain in place for 2004-2005.



INFORMATICS

Performance measure Results Target



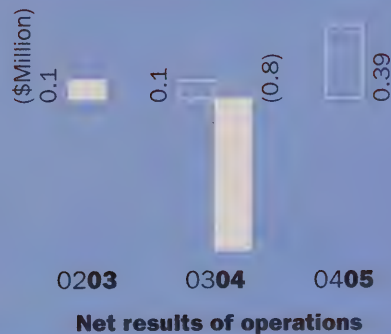
The Informatics Program continues to seek avenues to more effectively support CCC's corporate business objectives. In the past year, the Corporation concentrated on building in-house capacity to manage those activities that are fundamental to achieving the long-term IT strategy. In this regard, it successfully exceeded a critical measure of network service operational availability, outperforming the target to reach 99 percent "up-time" for network services.

Network services (ex. e-mail, print, shared disk) and Oracle applications available to core users in core business hours (7:30 a.m. to 5 p.m.)

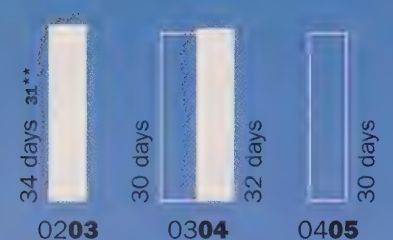
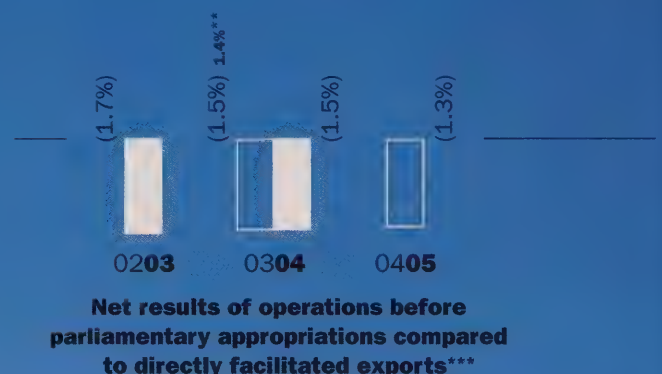
FINANCE

Performance measure Results Target

The secondary measures related to the financial operations of the business include a measure of operating results, the speed with which payments are made to exporters, additional contract costs required to meet CCC's guarantee of contract performance when an exporter is unable to complete delivery on a contract, and the provision for doubtful accounts. In almost all of these cases, actual performance closely matched the targeted objectives.



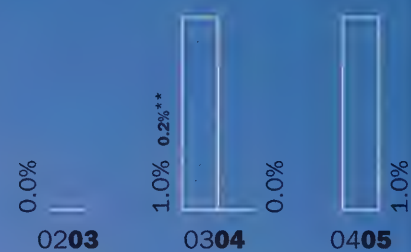
These measures provide an indication of how efficiently CCC is operating. One notable metric relates to the net results of operations in which CCC posted a loss of \$800,000 due to additional contract costs associated with a single exporter who was unable to complete delivery on a contract. This is the first loss position of CCC in a number of years, and such a result is not expected in 2004-2005. This additional contract cost also affected the Corporation's continuing objective to keep such losses below a level of 0.2 percent of business volume. The current outlook indicates that objective is still a reasonable one and the Corporation expects to return to that range in 2004-2005.



Time required to make payments directly to exporters



Additional contract costs as a percentage of directly facilitated exports***



Provision of doubtful accounts when compared to accounts receivable from foreign countries

* Before associated legal and other costs.

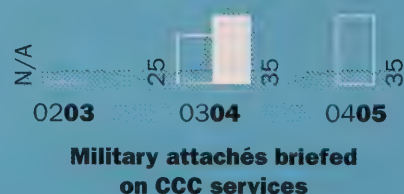
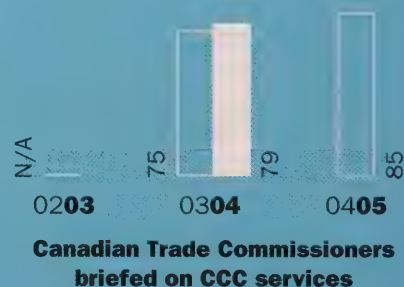
** Incorrectly stated in 2002-2003 annual report.

*** Business volume used for calculation instead of directly facilitated exports.

GOVERNMENT RELATIONS

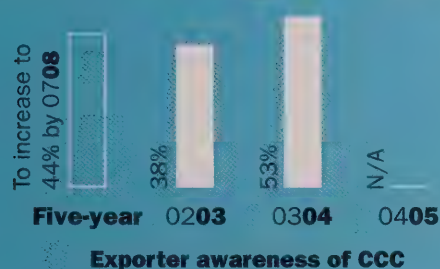
Performance measure ■ Results ■ Target

CCC anticipates improved performance in government relations as the Market Opportunities Development group within CCC implements a recurring series of briefings for critical foreign-service officers. CCC has had considerable success in meeting and briefing Canadian Trade Commissioners and military attachés prior to posting. With the evolution and improvement of the existing briefing process, it is expected that this objective will continue to grow by 15-20 percent annually.



EXPORTER AWARENESS

Performance measure Results Target

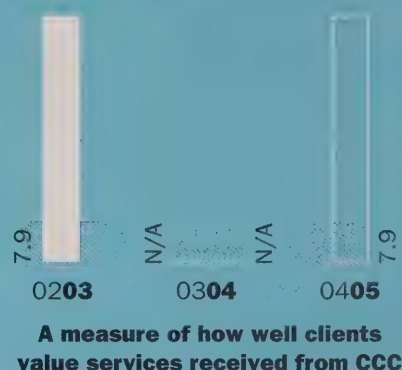


Results of a survey completed in March 2004 indicate that awareness of the Corporation among exporters had increased by 39 percent over 2002-2003 levels. This positive indicator is no doubt attributable to the increased communications activities undertaken by the Corporation in the 2003-2004 period. The success of efforts in this area will likely require the five-year target to be revisited and adjusted.

CLIENT VALUE INDEX

Performance measure Results Target

Since the mid-1990s, CCC has conducted a comprehensive customer survey to determine how clients perceive the services provided to them by CCC. A Client Value Index provides essential feedback to ensure that CCC remains aligned with the evolving needs of its exporter clientele. CCC is continuing to build on the service delivery model that yielded such strong indicator results in 2002-2003. No results were reported for 2003-2004 as CCC determined, for cost reasons and the time required to obtain feedback and implement service improvements, that this annual survey could be conducted every second year.



FIVE-YEAR HISTORICAL REVIEW OF KEY INDICATORS

Indicator	9900	0001	0102	0203	0304
Business volume	\$1.113B	\$1.338B	\$1.214B	\$0.952B	\$1.144B
Directly facilitated exports	N/A	N/A	N/A	N/A	\$1.143B
Revenues from non-parliamentary sources	\$5.995M	\$7.798M	\$7.911M	\$9.458M	\$11.922M
Revenues (before parliamentary appropriations) as a percentage of total non-DPSA costs	N/A	N/A	N/A	104%	105%
Net results of operations	\$0.2M	\$1.8M	\$2.5M	\$0.1M	(\$0.8M)
Additional contract costs as a percentage of directly facilitated exports***	0.3%	0.2%	0.03%	0.21%	0.46%
Provision of doubtful accounts when compared to accounts receivable from foreign countries	0.0%	0.0%	0.0%	0.0%	0.0%
Number of Canadian companies using CCC services	1810	1795	1954	1971	3702
SMEs using CCC services	80%	53%	N/A	82%	84%
Client value index	7.4	7.4	7.8	7.9	N/A

***Business volume used for previous years' calculations.
N/A - Not applicable in that year.



“We promote.”

Management's Discussion and Analysis

OPERATIONS

The following sections provide management's review of CCC's operations for fiscal 2003-2004, including a description of the external environment in which it operates, the internal environment in which it functions, and the Corporation's financial performance for the period.

OPERATING ENVIRONMENT

CANADIAN ECONOMY

Understanding the domestic economic situation is important for assessing market opportunities and for risk management purposes.

In 2003, Canadian economic conditions and growth were initially forecast to eclipse those of all other G7 countries. However, SARS, mad cow disease, forest fires and the power blackout in eastern Canada all had a downward cascading effect on Canadian economic performance. The rapid strengthening of the Canadian dollar against its U.S. counterpart was also a major factor, notably in the export sector where volumes in the fall of 2003 were six percent lower than in 2002. It is a tribute to the resourcefulness of Canadian exporters that CCC business volumes exceeded last year's totals under such difficult economic conditions.

While Canadian firms are now becoming more competitive as a result of "belt-tightening", the outlook for 2004 is not an optimistic one despite the significant growth expected in the U.S. Canadian business is hoping for a U.S. "pull-through" effect, although experts believe the high-valued Canadian dollar and increased competition from other countries with lower labour costs will continue.

INTERNATIONAL MARKET CONDITIONS

While most sectors of the U.S. economy struggled in 2003-2004, defence and security industries experienced an unprecedented boom. CCC's experience in serving the U.S. Department of Defense (DoD) and its traditional relationships with departments now part of the much larger Department of Homeland Security (DHS) helped Canadian exporters share in the benefits of this growth.

The overall U.S. economy is now poised for high growth, which will hopefully provide greater opportunities for Canadian exporters in the security sector and others. This optimism is tempered by the knowledge that China and Mexico will also be pursuing the growing U.S. market, providing goods with less expensive labour inputs.

Elsewhere in the world, Latin America seems to be emerging from a low-growth period that characterized 2003-2004.

Currency fluctuations and relatively high inflation created instability in countries such as Brazil, Chile and Peru, but economists now believe the outlook is much better. As a result, opportunities for Canadian exporters in 2004 and beyond seem to be improving, and CCC will continue its efforts to find more opportunities for Canadian exporters in that region.

In Europe, the outlook is not an optimistic one. Countries have faced a rise in the euro and other currencies relative to the U.S. dollar, as well as high unemployment in many regions. Growth for 2004 is expected to be slightly less than for Canada.

With respect to Asia, 2003-2004 was generally a good year. China and India, the two most populous countries in the world, experienced exceptional growth. CCC has not yet been able to capture significant business volume in China, but in India the outlook for next year looks promising, based on efforts begun in 2003-2004. Japan is beginning to emerge from a long period of virtually no growth. Other countries in the region are benefiting from the China influence and growth will likely continue. CCC found good business prospects in Southeast Asia and Australia during the year, and economic indicators suggest positive conditions will continue next year as well.

GLOBAL PROCUREMENT MARKETS

CCC's primary focus of attention is on the global public procurement market, a multi-trillion dollar annual business. But government procurement opportunities tend to mirror the growth prospects and stability of the concerned country. During 2003-2004, government procurement opportunities were positive in certain regions, but overall, with the exception of the U.S., the year was not a great one for Canadian exporters.

Generally speaking, procurement will only increase if money is seen to be available, especially in developing countries. This may depend in great part on the appetite of international financial institutions (IFIs) to fund major purchases. In some areas such as Eastern Europe, monies were available for infrastructure redevelopment related to requirements of European Union expansion. Similarly, in Asia there was interest in initiatives to improve basic infrastructure and for certain sectors such as environment and health. There was also some interest in Africa, where CCC was involved in health-related initiatives, including the management of a procurement process for Zambia.

The increased use of electronic tendering in many countries is an emerging trend by governments seeking to procure more efficiently and transparently. CCC's support for SourceCAN – an e-marketplace that matches Canadian producers with contracts posted by foreign governments and private corporations – helps exporters find and bid on new opportunities throughout the world, as well as use CCC services.

GOVERNMENTAL COLLABORATION

An important element of CCC's strategy for finding new business throughout the world is familiarizing Canadian government Trade Commissioners with CCC's value and services prior to their posting overseas. Once they arrive in a new post, they are well informed and have been very successful in identifying potential opportunities where Canadian exporters and CCC can work together to win more export contracts. CCC also interacts with other embassy officials and foreign military attachés in Canada and abroad.

E-Business is an important part of CCC's market development process. Lead generation programs such as SourceCAN are helping to identify initial business contacts. In fact, the number of Canadian companies accessing CCC services – a large percentage coming from SourceCAN – reached 3,702 last year, an increase of over 88 percent from the previous year. CCC is there to assist exporters on these bids, for any region in the world.

CCC is a prominent supplier to the U.S. military. With the implementation of business delivery enhancements such as Electronic Data Interchange (EDI) links, CCC now receives and submits contracts electronically. The enhanced speed and access capability means CCC can offer more opportunities to its exporter clientele and process their involvement more quickly and efficiently. Additionally, CCC initiated efforts to work more closely with Public Works and Government Services Canada (PWGSC) and Canada's embassy staff in Washington to develop more complementary business strategies to support CCC.

PROACTIVE SALES EFFORTS

CCC's proactive marketing efforts focus on specific countries and product or service sectors. In this manner, resources are concentrated in areas where specific knowledge can be derived and contacts made to promote multiple opportunities.

In 2003-2004, CCC concentrated on four specific countries, notably the U.S., Ecuador, Brazil and Mexico, and in a secondary manner on the Caribbean, India and Africa. Much of the early-stage business activity was stimulated through CCC's Market Opportunities Development (MOD) group, using contacts arranged by Trade Commissioners, attendance at trade shows, conferences and other foreign initiated events, or as a follow-up to contacts identified by prospective exporter clients.

Project officers in the Operations group also contributed to CCC's market development efforts by encouraging existing, long-standing or repeat supplier clients to pursue other opportunities, or by searching out other business potential in targeted locales. With respect to the U.S. market, project officers made a number of presentations to procurement officials in the U.S. military and DHS. In 2003-2004, a dedicated resource was used to develop additional contacts outside of the traditional military markets, promoting programs and familiarizing exporters and buyers from federal and state jurisdictions with the benefits of CCC's General Services

Administration (GSA) Schedules Program. Communication campaigns were implemented to support the efforts of project officers in promoting GSA, Progress Payment Program and DPSA.

TARGETED GEOGRAPHIC MARKETS

THE UNITED STATES

In 2003-2004, CCC signed sales contracts worth \$800 million with the U.S. DoD and NASA, a 22 percent increase over the previous year. This value would have been much higher had the Canadian dollar remained at the levels it held in previous years. Canadian firms were seriously impacted by higher currency costs that may have made them less competitive, but the high demand for defence related products assured them of more opportunities. Defence suppliers benefited from a strong government emphasis on domestic defence spending and support for the conflict and reconstruction activities in Iraq.

One of the most significant events in 2003 was the formal establishment of the Department of Homeland Security (DHS) that integrated a number of existing departments. This activity presented an opportunity for CCC to use its strong relationships with the U.S. DoD and the National Security Agency to broaden its exposure and procurement opportunities with the new Department. In late 2003, CCC met with DHS to explore future procurement opportunities and to build a more significant role in the DHS procurement process. Initial reaction to the overture has been favourable and CCC is hoping to enhance this relationship in the near future.

During the year, CCC actively pursued GSA initiatives, marketing the positive aspects of the schedule program in an effort to provide meaningful support to small- and medium-sized businesses seeking to break into the complex U.S. Federal Government marketplace. The Corporation concentrated on informing, advising and training rather than contracting. The program met with considerable success, including a contract signing. It is anticipated that clients finding success with this program will be able to leverage opportunities in other Federal markets for which CCC may then provide contracting services.

LATIN AMERICA – MEXICO, BRAZIL AND ECUADOR

For a number of years, CCC has focused its business development efforts on building market opportunities in Latin America. Although CCC proactively pursued business development initiatives in the region last year, the year was marked by relative instability in the region as governments focused their efforts on fighting inflation and the impacts of rising currencies. Following the last few years of financial instability, particularly in Brazil and Argentina, there have been fewer procurement opportunities for the Corporation. CCC continued efforts to develop business in Brazil, however there were not any contract signings in the year.

The Mexican market also proved difficult for CCC to make inroads in 2003-2004. While discussions took place with government officials, and with some prospective export clients, no contracts were signed. NAFTA membership has made Mexico a difficult market for CCC to penetrate, and the Corporation continues to look at establishing co-operation agreements that would allow CCC to provide direct links into specific contract opportunities.

In Ecuador, CCC worked hard at developing existing strong relationships in order to bring opportunities to contract. CCC is well placed to take advantage of a number of significant opportunities currently in the business pipeline, including projects in the security area and in the construction of a new airport for Quito. With a strong and growing oil sector, Canada's exports and direct investments into Ecuador have increased substantially to the point where Canada is the dominant foreign investor in that country. Various governmental levels have recognized the important role that CCC can play in major procurement and this has resulted in a number of strategic alliances being signed to open up opportunities for Canadian companies.

OTHER REGIONS

The Caribbean region also struggled under weak financial conditions in 2003-2004. Although the tourism sector is rebounding in the wake of 9/11, the travel industry alone is not the only solution to fostering economic growth. Unrest in some countries such as Jamaica does not help, especially in a region competing for investment dollars with an aggressive

export nation like Mexico. The Dominican Republic has a new government in place and political stability is adding confidence to economic opportunities. CCC continued to support a number of projects in the region, with an initial feasibility study being undertaken for a potentially large and important water treatment facility in the Dominican Republic.

Spurred on by China's tremendous growth, Southeast Asia proved a good source for opportunities in 2003-2004. CCC's proactive involvement in India during the year indicates that the strong growth in that country combined with the expertise of certain Canadian exporters could foster some great opportunities in the coming years.

There were a number of opportunities for CCC in Eastern Europe during 2003-2004 as countries ramped up for admission into the European Union (EU). CCC was active in the aerospace and defence sector as well as in environmental remediation opportunities, since the armed forces for new EU members are required to become NATO compliant. Partnerships and investments involving Canadian companies will increase in the coming year and may spawn more proactive efforts in these sectors. Private financial institutions are supporting economic initiatives in the region, providing some credibility to these optimistic predictions.

With respect to Africa, CCC used its contracting and tendering experience to conduct a review and select a winner in a public process to evaluate 33 international candidates vying for the role of fund manager for the Canada Investment Fund for Africa. CCC also served as the executing agency for a pharmaceutical procurement arrangement for Zambia, involving the procurement of hospital drugs, supplies and test kits.

BUSINESS PERFORMANCE AT A GLANCE

The following table shows the actual results against targets (millions of dollars)

	Actual 0203	Budget 0203	Actual 0304	Operating budget 0304
Aerospace and defence				
DPSA	\$657	\$600	\$800	\$600
Major defence projects (including LAV)	\$45	\$200	\$112	\$54
Global aerospace and defence	\$113	\$120	\$43	\$132
International commercial business				
Baseline	\$87	\$135	\$118	\$80
Progress Payment Program	\$50	\$55	\$7	\$75
ICB Major Projects	N/A	N/A	\$64	\$115
Business volume	\$952	\$1,110	\$1,144	\$1,056

TARGETED MARKET SECTORS

AEROSPACE AND DEFENCE

This sector is a key source of business for CCC. It includes CCC's primary business client, the U.S. Department of Defense, and major aerospace and defence projects such as the Light Armored Vehicle (LAV) Program. CCC had a number of important contract sales from this sector in 2003-2004, including the sale of Dash 8s to the U.S. Customs Agency.

CCC has participated in the sale of LAVs for almost two decades. This peacekeeping vehicle has had a revolutionary influence in military mobility. In 2003-2004, CCC facilitated sales of these units for almost \$112 million and expectations are that LAV sales will be even higher next year.

Despite this success, the segment is under strain from a variety of fronts. The collapse of the commercial aviation market has left many suppliers financially weak, supported only by consistent sales into the defence market. The Department of Homeland Security is looking at "defence" products for use in non-traditional applications, a positive sign for Canadian suppliers hoping to expand their defence market base. But this action will undoubtedly channel funds from more traditional spending. Canadian industry has focused on traditional spending and there is no guarantee that Canadians will receive an equivalent share of the procurement opportunities from the resources shifted into non-traditional spending. During the year, CCC made considerable effort through face-to-face meetings and discussions to improve DHS' knowledge and understanding of CCC's role and the capabilities of Canadian suppliers to meet its needs.

Talks opened in Washington immediately following a Canadian cabinet decision in 2003 to allow for discussions on Ballistic Missile Defence. The lead agency for Canada is Foreign Affairs Canada with Industry Canada and the Department of National Defence as secondary members. One of the discussion tenets is the enhancement of industrial opportunities, and CCC is a logical focal point for initiatives in this area.

Within the last year, CCC has made significant progress in working with Canadian industry partners to package surplus Department of National Defence (DND) assets and refurbished equipment for international procurement bids. This is the first step in a longer-term plan to become a single point of contact for international buyers looking to procure military or defence assets in Canada. CCC is the logical mechanism to make this happen and efforts were made during the year to enhance its role in the international defence community.

As governments attempt to centralize the acquisition and processing of security and intelligence data, Canadian industry is well positioned to support the growth in this market, with expertise in a variety of encryption technologies. In an effort to support industrial growth in this export sector, the Communications Security Establishment (CSE) agreed to provide CCC with an officer familiar with not only the industry but also the buying community. CCC's initial focus for this sector initiative was on the U.S. market, where considerable success was achieved in developing business opportunities including a notable contract signing for US\$25 million.

From left to right: LGen (Ret) Paddy O'Donnell, President, Canadian Defence Industries Association, and CCC President J. Hugh O'Donnell.



PUTTING PARTNERSHIPS TO WORK

When a foreign government makes a defence purchase from Canada, the Canadian supplier is likely a member of the Canadian Defence Industries Association (CDIA).

CCC and Canadian companies who belong to the CDIA routinely work together to satisfy the defence procurement needs of other countries.

"CCC and its ability to sign contracts with foreign governments has greatly contributed to the export success of our members over the years," says CDIA President Paddy O'Donnell. "A lot of countries are envious of the support that Canada's defence industry gets from CCC."

CDIA is a non-profit organization, currently representing more than 350 Canadian defence industry companies.

ENGINEERING PROCUREMENT AND CONSTRUCTION (EPC) PROJECTS

Large infrastructure projects are an enticing opportunity for Canadian firms, but larger multi-national integrators often control them. EPC projects tend to support major infrastructural development in areas such as energy, transportation, telecommunications and wastewater management. In 2003-2004, CCC was involved in one such infrastructure project – the Quito airport – led by a Canadian firm with expertise in large airport project development. All indications suggest this project will be signed during 2004-2005.

Canada has a well-developed and well-respected industrial base specializing in the service side of these industries and is very capable of taking leading roles in large project development. However, compared with firms in many other leading developed countries, Canadian participation in EPC projects is proportionately low.

As part of its enhanced vision, CCC will undertake in the coming year a determination of the most appropriate means to offer new services that reflect a more commercial focus, including an evaluation of its potential involvement in the EPC sector. CCC intends to investigate in detail the feasibility of offering such new services to EPC and other segments, considering, among other things: client and market needs, pricing components, in-house resource capabilities, risk management frameworks, and organization and governance requirements. With the direction of the Board of Directors, CCC will then integrate findings from this investigation process and recommend strategic implementation efforts for future years.

INTERNATIONAL COMMERCIAL BUSINESS

CCC's Progress Payment Program (PPP) is predominately aimed at small- and medium-sized businesses where inherent risks exist, such as a shortage of working capital or increased exposure to sudden interest rate shifts. During 2003-2004, CCC facilitated contracts for a significant number of businesses under this creative and highly client-valued program. Under this program, CCC facilitated contracts for natural gas refueling stations, hotel furniture and hockey sweaters, as well as a number of other diverse products and services.

During the year, the Corporation initiated a robust marketing program to enhance its position in the pre-shipment financing market segment, where a number of complementary and non-complementary product offerings already exist. CCC's business volume declined despite attempts to more clearly explain the value proposition. CCC intends to continue to look for the right value point that will make this a major revenue and business volume generator for the Corporation.

In 2003-2004 CCC also targeted a segment related to environment and nuclear/biological/chemical remediation. It encouraged involvement by Canadian exporters in two areas: the redemption of stockpiles of redundant weaponry, typically

STRENGTHENING A SALES PITCH WITH CCC'S PERFORMANCE GUARANTEE

Bell Helicopter and CCC have worked together for over 15 years to facilitate the sale of more than 50 helicopters worth almost \$500 million worldwide.

"The company values working with CCC because of the transparency and profile that goes with having the Government of Canada at the table in deals with foreign governments," says Roy Macrae, Director, Canadian International Business, Bell Helicopter Textron Canada Limited.

When CCC acts as Prime Contractor, the foreign buyer gets the security of a government backed guarantee of contract performance.

Bell's assembly facility for its entire fleet of commercial helicopters is located in Mirabel, Quebec.



From left to right: Jacques St-Laurent, President, Bell Helicopter Textron Canada Limited; Traute Tavaré, Director, Special Projects CCC; Alan Curhugh, Chief of CCC Spain; Matt Edwards, CCC Project Manager; Roy Macrae, Director, Canadian International Business, Bell Helicopter Textron Canada Limited; and J. Hugh O'Donnell, CCC President.

GAINING ACCESS TO THE HOMELAND SECURITY MARKET

The U.S. National Security Agency (NSA) is counting on Canadian technology to help in safeguarding its sensitive information from prying eyes.

Certicom is providing the solution.

In a US\$25 million deal facilitated by CCC, the NSA purchased extensive licensing rights to Certicom's Elliptic Curve Cryptography (ECC) intellectual property – a strong public-key cryptography that uses smaller keys than other systems. It is especially significant where memory and computing power are limited, such as in wireless devices or handheld computers.

"CCC proved to be a valuable partner for Certicom during the NSA negotiations. They are astute facilitators who are able to help Canadian companies, such as Certicom, navigate the details of working with foreign governments," says Ian McKinnon, president and CEO of Certicom, headquartered in Mississauga, Ontario.

held within the former Soviet block and for which there is no safe way to reasonably stockpile; and the support of international organizations, such as the Global Environmental Fund, as they try to reduce the stockpiles of dangerous pesticides and PCBs worldwide. These initiatives saw increased importance as they became requirements for countries hoping to obtain admission to the expanding European Union.

COMMERCIAL DISPUTES

For almost 60 years, CCC has assisted Canadian exporters in selling more than \$30 billion in products and services to foreign customers with very few losses from defaults or contract failures. However, like any normal business entity that finds itself involved in thousands of business contract arrangements, CCC has experienced some commercial disputes. In each case, the Corporation has diligently worked to resolve the dispute and to find solutions that would mitigate any related losses. It has also sought to review its processes and procedures to ensure similar circumstances are not repeated.

In August 2003, the Ontario Superior Court of Justice awarded a Canadian manufacturer and its investors damages and interest against PWGSC, the DND, and CCC. The disputed project took place in the 1980s and early 1990s. The case is under appeal. For further information, please refer to Note 11 of the Financial Statements.

POLITICAL ENVIRONMENT

ASSISTING WITH THE GOVERNMENT'S TRADE POLICY AGENDA

CCC's policy mandate is a product of its legislated legal mandate and the government's specific international trade objectives and financial requirements. CCC uses its unique powers as a prime contractor and procurement specialist to assist the Government of Canada in its public policy agenda by:

- Strengthening the economic aspects of our Canada/U.S. defence and security relationship;
- Directing efforts to facilitate trade in complex international markets, particularly in the public sector;
- Using its international procurement expertise to support international development and humanitarian efforts for countries in transition; and
- Helping companies, both large and small, find export market contract opportunities to commercialize innovative new products and services.

The Corporation strives to meet financial targets that may be adjusted by the government from time to time, and to manage its on-going risks and financial responsibilities in a prudent manner that recognizes the wishes of its shareholders.

Strengthening the economic aspects of our Canada/U.S. relationship

In 2003-2004, CCC facilitated \$800 million in contracts through the Defense Production Sharing Arrangement (DPSA). Under this long-standing agreement, the U.S. looks to CCC, the Canadian manager of the DPSA, to assure performance of goods and services bought by the U.S. DoD in Canada, and to coordinate Canadian sources of supply in times of crisis. CCC acts as prime contractor for Canadian exporters and works closely with PWGSC and the DND to provide confidence to U.S. procurement officials about buying from Canada. The U.S. views CCC as a reliable and trusted partner in this economic relationship. CCC is also perceived by Canadian industry as a positive advocate of its interests.

In 2003-2004, CCC convened a number of meetings with the U.S. DHS to introduce the new Department to the benefits that Canadian exporters can offer in meeting U.S. security product requirements. Success in these discussions was facilitated by CCC's strong relationship with the U.S. DoD and the National Security Administration (NSA), who are well aware of CCC's role in meeting U.S. defense and security needs.

During the year, CCC began assisting Canadian companies to access procurement opportunities with the General Services Administration (GSA), the U.S. federal procurement organization that oversees the government market for non-defence related acquisitions that amounts to more than \$25 billion annually. CCC's knowledge and understanding of the GSA process is a valuable service to exporters seeking to access

From left to right: Bruce Frew, CCC Senior Consultant; Marilynne Miles Gray, Vice-President CMSI; Dr. William A. Gray, President CMSI.



OPENING THE DOOR TO U.S. GOVERNMENT MARKETS

When Corporate Mentoring Solutions Inc. (CMSI) of Victoria, B.C., wanted to sell to the U.S. government, the first challenge was dealing with nearly two inches of documentation from the General Services Administration (GSA).

While CMSI initially considered using Washington area consultants believing they would be better connected and closer to the whole GSA process, the eventual solution was found in CCC's GSA Schedules Program.

"The other options were too expensive," says Dr. William Gray, President, Corporate Mentoring Solutions. "CCC and its relationship with the Washington Management Group gave us the experience, expertise and resources we needed to succeed with our GSA application."

Corporate Mentoring Solutions Inc. is an industry leader in the business of mentoring. Since 1999, the company has offered a web-based software system that facilitates the personal and professional growth of organizations and their staff while reducing administration and maintenance costs.

markets in which GSA familiarity or authorization is a key requirement to bidding.

CCC believes that its continued involvement in the DPSSA, its growing relationship with the DHS, and its efforts to open up new markets with state and local governments under the GSA significantly contribute to Canada's commitments to enhance the Canada/U.S. economic relationship.

Facilitating trade in complex international markets

CCC provides Canadian exporters access to, and levels the playing field for them in, markets that are often characterized by protectionism, politically-based decision making, or a complexity that can exclude all but the largest and most experienced Canadian exporters. In 2003-2004, CCC helped a number of exporters win contracts in difficult markets in the Caribbean and Latin America. CCC has found that in smaller economies, in particular, Canada's participation in a government-to-government commercial agreement or contract often holds more attraction for the buyer than in a larger economy, and therefore may be particularly effective in assisting Canadian exporters to win export sales in public sector markets.

Using procurement expertise to support international development of humanitarian efforts

CCC has the capability to support international development and humanitarian efforts for countries in transition. In 2002, CCC was given a mandate to identify and select a fund manager for the \$200 million Canada Investment Fund for Africa. CCC issued requests for purchase, provided professional contract management and certified that due diligence had been carried out fairly. In 2003, CCC recommended a fund manager to the Government from the selection process that involved 33 candidates. For developing countries such as Zambia, where CCC was also involved in procuring health and pharmaceutical products, CCC provided real value as a procurement agent capable of facilitating a more transparent purchasing process.

CCC believes it can play a valuable role as a procurement intermediary for the provision of low cost pharmaceuticals to assist in the fight against HIV/AIDS in developing countries. It is currently investigating the potential for this opportunity in discussions with key government departments.

Commercializing innovation through exports

Through its international sales, CCC has assisted thousands of companies to sell their products to foreign governments. As many of CCC's sales are in the aerospace sector, these products often have a significant technology component, increasingly so in recent years. Indeed, assurance of successful delivery of high performance products (often critical

components in larger systems) is perhaps the main reason CCC's foreign customers use the Corporation's services as a prime contractor to purchase Canadian goods. CCC offers considerable value to companies seeking to bring new technologies to foreign markets.

There is no shortage of breakthrough ideas and new technologies in this country. But, in general, Canada is having some difficulty bringing these solutions to commercial success. Commercialization of innovation by startup companies or SMEs, who are often the sources of discovery, is a complex problem. Solutions may well require more emphasis on general management development and increased venture capital capacity than on export-specific support. CCC's contribution will come foremost from its experience in providing export-related assistance and advice, and by facilitating access to commercial sources of export pre-shipment financing. Even with technology or product superiority, smaller firms often lack the reputation, experience and financial base to compete effectively in worldwide markets. CCC's knowledge of the challenging international business environment along with its ability to guarantee contract performance is an invaluable service to offer.

SOCIAL AND ENVIRONMENTAL CONSIDERATIONS

CORPORATE SOCIAL RESPONSIBILITY

As a Crown corporation wholly-owned by the Government of Canada, CCC is committed to upholding and promoting Canada's position toward Corporate Social Responsibility (CSR).

In 2003-2004, CCC began efforts to address the Government of Canada's positions in this area in a manner that would acknowledge the international competitive playing field and respect foreign governments in sovereignty matters. CCC recognizes that balancing these considerations in a variety of social and political environments throughout the world is critical for its stakeholders.

In late fiscal 2003, CCC developed a plan to address ethical and environmental issues and will be implementing elements of that plan in the next fiscal year. During the year, CCC staff worked on drafting internal Conflict of Interest guidelines and on efforts to define core values of the Corporation. The results of these two activities will be integrated into a Code of Conduct for the Corporation.

In March 2004, the government introduced Bill C-25, "*An Act To Establish A Procedure For The Disclosing Of Wrongdoings In The Public Sector, Including The Protection Of Persons Who Disclose Wrongdoings*". The Act, requiring that policies be established for handling wrongdoing disclosures, applies to Crown corporations as well as to government departments. In the context of this Act, Treasury Board was also required to define a Code of Conduct for the Public Service.

CCC immediately began focusing its efforts on developing policy procedures for this proposed "whistleblowing" legislation and work is still underway. Upon creation of a new Code of Conduct by Treasury Board, CCC will assess what changes will be required and integrate those findings into its own Code of Conduct statement.

In its efforts to more clearly define its own values and ethics, CCC intends to work closely with the Department of International Trade and with other organizations involved in related international activities to consolidate a Canadian view on social responsibilities in this area.

ENVIRONMENTAL ISSUES

In June 2003, amendments to the Canadian Environmental Assessment Act (CEAA) were inaugurated. The legislation recognizes that the existing requirements and procedures of the CEAA are not readily applicable or appropriate to the variety of activities undertaken by Crown corporations. The legislation provides for a three-year grace period, post proclamation, for the Crowns and the Agency to work together to draft appropriate regulations specific to either the Crown corporation or to a class of Crown corporations.

Throughout 2003-2004, CCC met with the CEA Agency to develop a regulation to the Act that would address the needs of CCC's exporter and foreign buyer clientele, and respect the environment in those diverse locations in which CCC is involved worldwide. Work continues in this regard, with a long-term objective of implementing an appropriate regulation and associated internal review processes before the grace period expires. As part of that activity, CCC will review, update or replace its current voluntary Environmental Review Framework to ensure its environmental assessment requirements are at par with the standards set by other major organizations supporting the export of Canadian goods and services.

INTERNAL CAPACITY

CCC delivers its services through a workforce of highly skilled employees with particular expertise in market development, finance, risk management, negotiation and international contracting. Specialized contracting services are provided to CCC by staff at PWGSC on a negotiated cost basis. In addition, CCC partners with provincial organizations to extend its regional business development capacity.

CCC's workforce is well balanced in terms of age, experience and gender, and the Corporation is well positioned linguistically to provide service to exporters from all Canadian regions. CCC staff is energetic and enthusiastic and many have a working knowledge of different languages that helps them communicate more effectively with foreign buyers. The education and age of the staff have contributed to a strong mentoring and learning culture with considerable interest in developmental opportunities.

CCC is committed to creating a continuous learning environment. Using a unique "5 + 5" program to build transferable skills that support a broad commercial agenda, 5% of payroll expenditures are invested in career development initiatives and every employee is expected to devote five days to learning activities annually. Last year CCC personnel spent an average of 7.5 days on training activities. Training aims to hone financial expertise, build project management capacity, develop risk assessment skills, strengthen leadership abilities, sharpen negotiation tactics and broaden language proficiencies.

Employee engagement is strong when there is a convergence between the values of the workplace and the values of the person. To supplement professional training, the Corporation offers healthy-living seminars, lifestyle clinics and flexible work options. CCC is committed to recognizing the human side of work, nurturing the 'whole person', and promoting a set of shared values throughout the Corporation.

In 2003-2004, CCC concentrated on building a comprehensive IT technical strategy for the Oracle E-Business Suite Infrastructure that was installed the previous year. The platform was introduced to provide improved performance measurement tools, "just-in-time" business and financial tracking, and enhanced customer relationship management capabilities.

Business processes were examined in order to leverage the enhanced functionalities of the platform. CCC implemented a technical consolidation plan and introduced new security measures that successfully protected CCC from virus attacks that disrupted computer systems worldwide last year, and ensured the Corporation was able to operate effectively through a hydro disruption in Ontario in the summer 2003. Work performed during the year will facilitate the development in the near future of web portals, which will allow all users to easily access information and applications.



From left to right: Don Olsen, Senior Project Manager; J. Hugh O'Donnell, CCC President.

LEARNING TO ENHANCE CLIENT SERVICE

Our people have extensive international contracting expertise and are being recognized for it.

CCC has forged an alliance with the Forum for International Trade Training (FITT) to support employees who are seeking designation as a Certified International Trade Professional (CITP). It is the highest level of accreditation available to international business and trade professionals.

Don Olsen, a Senior Project Manager with CCC for 20 years, has completed the program. "I'm sure clients have more confidence when they know the experience and education that backs up my words. I now have more tools at my disposal than before and that can only improve the client service experience."

CORPORATE GOVERNANCE

In 2003, the Board of Directors undertook measures to improve and further strengthen corporate governance practices and processes in CCC, in particular as they relate to financial management and performance.

The Board believes it has taken positive steps in the oversight of the Corporation's management and performance as CCC fulfills its mandate, and policy and commercial objectives. The governance structure helps CCC achieve a consistently high standard of accountability and is consistent with the Treasury Board's guiding principles, as outlined in *Corporate Governance in Crown Corporations and Other Public Enterprises*.

The Board defined its role in the corporate planning process, provided strategic direction to management, and approved corporate initiatives as described in the Corporate Plan for 2004-05 to 2008-09. The Corporate Plan identified the need for a more commercial vision for the Corporation. To assist management in the development and introduction of new service offerings, the Board established the Commercial Initiatives Committee that will provide guidance on the strategic, technical and policy implications of the new service initiatives that are proposed. The emphasis will be on ensuring that each new service offering provides value to clients while remaining focused on CCC's objective of reducing dependency on parliamentary appropriations and being diligent in managing risk.

During the year, the Board initiated the process to establish a Nominating Committee to oversee a competitive search process for a new CEO. The selection process is following the new merit-based appointment process for heads of Crown corporations that the Government announced in March 2004. In addition, the committee will tackle issues related to both Board and senior management succession. The Board will begin the process of instituting a training program for directors and a formalized process to evaluate members' performance.

The Board regularly reviewed interim financial statements, business status and other corporate risk management reports, performance reports, as well as contract and litigation reports, and provided direction to management.

AUDIT COMMITTEE

In pursuing the Board's commitment to best practices in governance, the Audit Committee reviewed the existing corporate bylaw related to its roles and responsibilities, and benchmarked this bylaw against leading corporate governance pronouncements in the private and public sectors. These included Treasury Board guidelines for Crown Corporation Audit Committees, the U.S. *Sarbanes-Oxley Act* of 2002, the governance structure and practices of the Ontario Securities Commission, and the Canadian Institute of Chartered Accountants report *Beyond Compliance: Building a Governance Culture*. A revised bylaw and newly established terms of reference were introduced following the review, which the Board believes will put CCC at the leading edge in terms of Audit Committee governance.

The Audit Committee performed its annual governance requirements, such as reviewing the Annual Report including the audited financial statements; following up on Internal Audit and Office of the Auditor General recommendations; and reviewing the Corporation's Operating and Capital Budgets and Borrowing Plan. In addition, the Audit Committee reviewed the Special Examination Audit Plan and the development of an improved quarterly financial reporting package. It also approved the Corporation's new Post-Contract Management Manual to improve business processes and risk management, risk management procedures associated with the SME Risk Fund, and a treasury management framework to mitigate foreign exchange gains and losses.

In light of new corporate by-laws and terms of reference related to the work of the Audit Committee, a special focus for the committee next year will be to develop a work plan to support its increased governance responsibilities.

MEETINGS AND EXPENSES

CCC's Board is composed of the Chairperson, nine Directors and the President. With the exception of the President, all Directors, including the Chair, are independent of management. The Board met five times in person and three times by conference call during the year.

The following committees support the Board in its work: Audit Committee, Compensation Committee, Commercial Initiatives Committee and Nominating Committee.

Director's remuneration is set by Order-in-Council. The Chairperson is paid an annual retainer of \$9,400 and a per diem of \$375. Other private sector directors are paid an annual fee of \$4,700 and a per diem of \$375. The per diem is paid for attending meetings, travel and review of materials. Chairpersons of committees receive an additional retainer of \$1,500 in recognition of their additional work. Public service directors do not receive remuneration.

The Board's expenses in 2003-2004, including annual retainers and honoraria at rates approved by the government, as well as travel and meeting costs, totaled \$162,730. The increase from the previous year's expenditure of \$93,000 resulted from an increase in the size the Board and the number of meetings by the full Board and the Audit Committee.

APPOINTMENTS

Mr. John Duffy from Whitby, Ontario was appointed as a Director in October 2003. Mr. David Fransen, Assistant Deputy Minister, Industry Sector, Industry Canada, was appointed as a Director in October 2003. Mr. Ken Sunquist participated in the Board as an observer, being the representative from the Department of International Trade Canada, with formal appointment to the Board expected to occur in the new fiscal year. Grant Mitchell of Edmonton, Alberta was appointed to the Board in March 2004.

Outgoing members during the year were John Banigan, Marie-Lucie Morin and Wendy Morris.

FINANCIAL HIGHLIGHTS

The 2003-2004 fiscal year ended with a loss primarily due to foreign exchange losses relating to the strengthening of the Canadian dollar against the U.S. dollar, and higher than expected additional contract costs attributable to a single SME facilitated contract. This loss breaks a successive period of profits that began in 1995-1996.

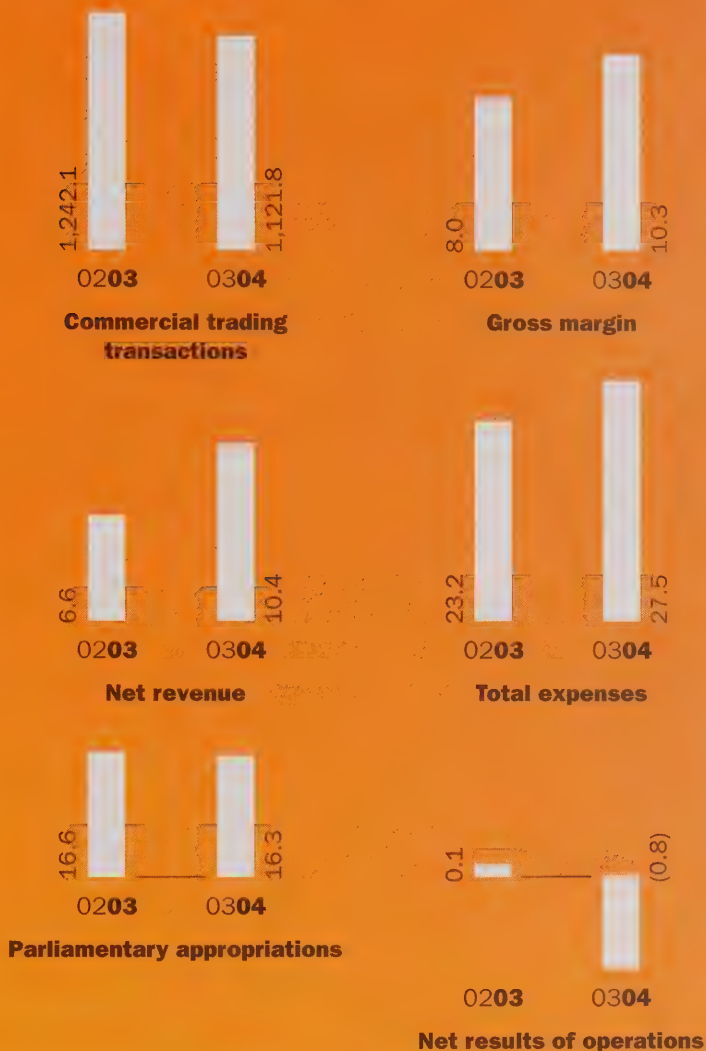
Notwithstanding the net loss, the Corporation was financially self-sufficient in its non-Defense Production Sharing Arrangement (DPSA) services for a second consecutive year. CCC posted record revenues, notably from its fees for services offered to exporters. The Corporation is confident that the goal established in the Corporate Plan of financial self-sufficiency in its non-DPSA programs by 2006-2007 can be met and sustained beyond that time.

Below is a more detailed discussion of the Corporation's 2003-2004 operating highlights.

Commercial trading transactions include the Corporation's billings from outstanding signed contracts, fees-for-service and income generated from discounting exporters' receivables. The value of these transactions was slightly lower this year than last, primarily owing to the effects of a higher valued Canadian dollar that discounted project values and returns that had been contracted in U.S. dollars. The latest Corporate Plan projects that commercial trading transactions will increase to approximately \$1.21 billion in 2004-2005, reflecting higher sales orders signed in 2003-2004. They are projected to continue to rise to \$1.31 billion and beyond, post 2005-2006.

INCOME STATEMENT DISCUSSION

Summary Results of Operations
(\$ million)



The Corporation's gross margin increased by \$2.3 million or 29 percent primarily due to a favourable \$2.1-million reversal of a long-outstanding liability. The remaining \$0.2 million increase came primarily from an increase in fees from last year's level of \$7.1 million. Over the long-term, the gross margin is expected to continue growing as the fee-for-service regime is applied to more of the Corporation's export transactions.

Net revenue (the total of gross margin, net interest income, and gain (loss) on foreign exchange) increased by \$3.8 million compared to last year due to smaller foreign exchange

losses and higher net interest income, in addition to the higher gross margin results mentioned earlier. The amount of interest income generated on the Corporation's surplus cash holdings (2004 – \$1.606 million, 2003 – \$1.365 million) increased due to changes in currency holdings of the Corporation, and the introduction of electronic billing and collection with our largest client, U.S. DoD.

The increase in the value of the Canadian dollar against the U.S. dollar resulted in a foreign exchange loss of \$1.558 million in 2003-2004, when the Corporation's U.S. assets were converted to Canadian dollar equivalents. This, however, compares favourably to last year's foreign exchange loss of \$2.772 million. Based on the position of the Canadian dollar versus the U.S. dollar as of March 31, 2004, the new treasury management framework avoided further foreign exchange translation losses of \$0.9 million. This framework has also allowed the Corporation to take advantage of the higher interest rates in Canada for Canadian dollar holdings.

For some years now, currency fluctuations have presented special challenges to the Corporation and last year was no exception. During the year, the Corporation implemented a new treasury management system to minimize the occurrence of for-

Major reasons for the administrative expenditure increase were:

- Amortization expense increased by approximately \$120,000, reflecting higher capitalization charges associated with the Corporation's computer system;
- Other expenses associated with higher bank charges (recovered in fees charged) rose by approximately \$212,000;
- The Corporation's workforce compensation envelope associated primarily with the collective bargaining agreement and lapses that occurred in the previous year due to staff transition accounted for increases of \$734,000;
- Training for staff (\$178,000) and higher information technology expenditures associated with the Corporation's computer system (\$659,000) were \$837,000 higher than last year. These additional expenditures related to the Corporation's Corporate Plan commitments in these areas.

Increased administration expenses were offset by a \$706,000 reduction in charges for services rendered by Public Works and Government Services Canada (that portion of PWGSC services which are in turn chargeable to clients) and by savings of \$116,000 through lower marketing and promotion expenditures as planned events were deferred to next year.

The Corporation closely monitors its administrative expenditures. The year-over-year increase in corporate administrative expenditures was 4.9 percent. One indicator that the Corporation introduced last year to measure its administrative expenditure efficiency is the ratio of administrative expenditures to commercial trading transactions, with an objective not to exceed 2 percent. The 2003-2004 ratio is 1.95 percent, which is below the 2 percent threshold but higher than the 2002-2003 result of 1.68 percent. The 2004-2005 Corporate Plan projects an improvement in the ratio to 1.8 percent as administrative expenditures stay relatively flat while commercial trading transactions increase.

In 2003-2004, the Corporation received \$400,000 less in appropriations from Parliament than 2002-2003, when the Corporation received a one-time contribution for management and staff compensation incurred in previous years. The Corporation expects to receive \$16.4 million in appropriations in 2004-2005.

“During the year, the Corporation implemented a new treasury management system to minimize the occurrence of foreign exchange translation losses or gains in the future.”

foreign exchange translation losses or gains in the future. The Corporation converted a substantial portion of its U.S. dollar holdings into Canadian dollars and began borrowing in U.S. dollars to meet corporate obligations in this currency. This minimized the requirement for cash holdings that could be adversely affected by dramatic currency fluctuations such as those experienced with the Canadian dollar in the past year.

Total expenses increased by \$4.3 million year-over-year, with administrative expenses increasing by \$1.0 million, and additional contract and related costs growing by \$3.3 million.

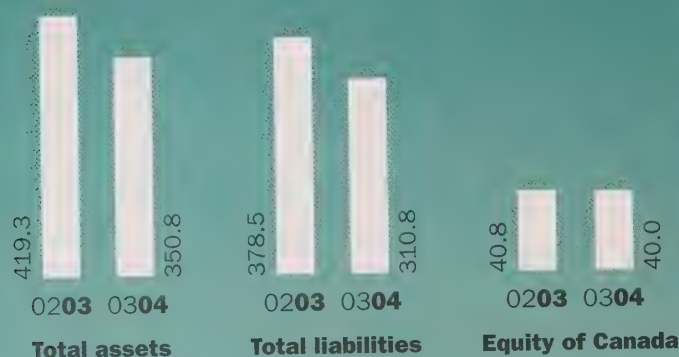
“We manage.”



Total assets decreased to \$350.8 million at March 31, 2004, down \$68.5 million from the previous fiscal year-end. This decrease reflects two major items: a higher Canadian dollar which lowers the value of CCC's U.S. denominated assets; and a change in the size and mixture of the Corporation's portfolio of uncompleted contracts, with lower advances and progress payment activity than last year. The Corporate Plan anticipates an increase in assets to \$460 million next year.

BALANCE SHEET DISCUSSION

Summary financial position
(\$ million)



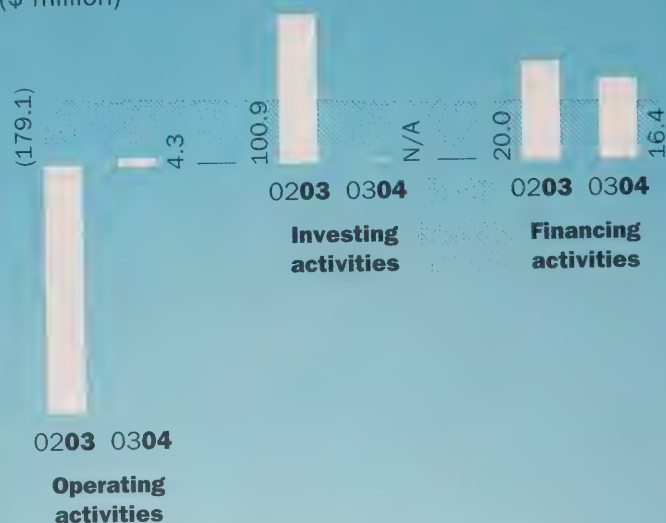
As an international trade intermediary, CCC for the most part offsets its trading-related assets with matching liabilities. Accounts receivable from foreign customers and progress payments to Canadian exporters on the assets side of the balance sheet are largely offset by accounts payable and accrued liabilities to Canadian exporters, as well as by progress payments from foreign customers.

In certain programs, however (such as sales under the DPSA), the Corporation does have a need for other sources of working capital to bridge timing differences between its payables and receivables. CCC's statutory power to borrow commercially up to \$90 million (limited by Minister of Finance authority in 2003-2004 to \$40 million) provides it with useful flexibility to manage such variations. In 2004-2005, the Corporation expects to borrow at its statutory ceiling of \$90 million in order to incorporate \$50 million of borrowings associated with non-DPSA sales. Due to the fact that it may be borrowing at its statutory ceiling level, the Corporation will undertake a review in 2004-2005 to determine its future borrowing requirements.

CCC's capital assets decreased on a net basis by \$717,000 in 2003-2004. This was the result of amortization of the Corporation's information system technology. The Corporation's provision for additional contract and related costs was increased by \$4.2 million for one particular project.

CHANGES IN CASH FLOW DISCUSSION

Summary of cash flow
(\$ million)



The value of the equity investment of the Government of Canada in CCC remained essentially the same, at approximately \$40 million. The Corporation's equity backstops the normal commercial risks inherent in its contract portfolio of uncompleted contracts totaling approximately \$1.4 billion. The Corporation applies a comprehensive risk management framework to support this position, acknowledging that, as an agent of the Crown, all obligations of the Corporation are obligations of the Government of Canada.

As described in the Corporation's Cash Flow statement, cash and short-term deposits at March 31, 2003 increased by \$19.1 million compared to the previous year. This can be identified under three key activity areas:

OPERATING ACTIVITIES

Cash provided by operating activities contributed \$4.3 million in cash flow, a significant improvement from the negative cash flow of \$179.1 million in 2002-2003. Although CCC's annual cash flow from operations is traditionally negative due to the payment policies in its DPSA business, i.e. the Corporation pays Canadian exporters in 30 days from receipt of invoice irrespective of when it receives payment from the U.S. Government, efforts focusing on improving collection capabilities this year resulted in reductions for aged receivables, which greatly improved operating cash flow.

INVESTING ACTIVITIES

Unlike the previous year, there were no investing activities this year. In 2002-2003, the profile of cash provided by investing activities was influenced by large investments on behalf of foreign customers in 2001-2002, with a redemption of securities

in 2002-2003 at the request of the foreign customers. The interest generated from these monies benefited the foreign parties. The Corporation also spent \$1 million on the acquisition of its new information technology systems in that year.

FINANCING ACTIVITIES

Cash provided by financing activities amounted to \$16.4 million for the year ended March 31, 2004, compared to \$20.0 million for 2003. In the year ending March 31, 2003, the \$20 million of positive cash flow from financing activities represented the government's decision to strengthen the Corporation's financial position, providing increased operating appropriations and a capital infusion following the repayment of a Government of Canada loan. This year's cash flow from financing activities represents the Corporation's regular parliamentary operating appropriations at the increased level.

COMPARISON WITH 2003-2004 TO 2007-2008 CORPORATE PLAN

INCOME STATEMENT

2003-2004 was a successful year for the Corporation in business transactions and revenue generation. CCC exceeded its commercial trading transaction revenue target of \$1.048 billion by \$73 million, as Canadian exporters made more deliveries than projected. The Corporation also surpassed its \$6.0 million revenue target for fee-for-service revenues, generating \$7.3 million in its second year of implementation, the most generated as fee-for-service or cost recovery in CCC's business history. The Corporation also generated \$0.3 million more income from receivables discounting than budgeted. These factors plus a \$2.1-million long-standing liability reversal led to a positive variance in its gross margin results. Net interest revenue results were greater than planned, due primarily to improved receivable collection efforts that reduced the Corporation's commercial borrowing costs. Despite solid efforts to offset currency fluctuations, the Corporation posted a more significant foreign exchange translation loss than budgeted, due to the rapid appreciation of the Canadian dollar vis-à-vis the U.S. dollar.

Additional contract and related costs, attributable to a single contract dispute, exceeded budgeted levels (based on historical trends) by \$4.0 million. The issues surrounding this SME facilitated contract, signed in 1995, arose prior to the introduction of the Corporation's more stringent risk management structures and processes later in the same year. While this problem would not likely have arisen under today's risk management framework, the Corporation continues to review its internal processes to ensure that optimal risk management and monitoring approaches are in place for all contracts.

Administrative expenditures were slightly greater than planned due to payouts of performance or incentive payment plan awards to CCC staff for exceeding corporate plan targets, for the development of an IT disaster recovery plan one year earlier than

planned and for higher bank charges, which were recovered through fees charged to customers. Amortization charges were also higher than budgeted as approximately \$1 million more was spent on the computer system's configuration than originally planned.

BALANCE SHEET AND CASH FLOW

The Corporation's total assets were less than planned (\$350.8 million vs. \$382.9 million) due to changes in the Corporation's contract portfolio and the higher Canadian dollar, as of March 31, 2004. The Corporation achieved a slightly higher cash position than planned due to successful receivable collection efforts.

LOOKING AHEAD FIVE YEARS

CCC's Corporate Plan for 2004-2005 to 2008-2009 identifies the objectives and strategies the Corporation will pursue to fulfill its mandate of facilitating trade. CCC will continue to work towards becoming financially self-sufficient in its non-DPSA programs by 2006-2007 and achieving a more diversified export contract portfolio. For 2004-2005, the Corporation has developed a fee-for-service target of \$7.2 million. Although this target is essentially equivalent to the 2003-2004 result, it was established when the Corporation's outlook for the 2003-2004 year at the time of finalizing the Plan was \$6.9 million.

In response to a growing number of companies asking for CCC's support for more complex projects with an overseas construction component, CCC is increasing its focus in this area. A shift toward these projects will have a positive impact on the Corporation's finances because they involve extensive pre-contract work, which under the Corporation's fee-for-service policy is chargeable as the work is performed.

The Corporation expects total assets to increase from \$350.8 million to \$460.3 million and total liabilities from \$310.8 million to \$419.1 million due to the projected increase in the size of the Corporation's contract portfolio. The Corporation's cash position is projected to increase to \$56.8 million next year due to improved contract payment flow in its operating activities.

Net income is planned at \$389,000, as the elimination of significant foreign exchange losses, based on this year's treasury management changes, improves the Corporation's bottom-line.

RISK MANAGEMENT

Given its mandate to facilitate international trade and the commercial environment in which it operates, CCC is subject to a wide variety of risks and uncertainties, both external and internal to the Corporation.

CCC has a comprehensive risk management framework that encompasses a number of risk factors that the Corporation faces in its day-to-day operations. The extent of the Corporation's ability to embrace these risks is determined by its risk tolerance

policy, which is set by the Board of Directors. In establishing that policy, the Board takes into account the Corporation's public policy mandate and financial requirements.

EXTERNAL RISKS

The Corporation's sales prospects are subject to prevailing conditions in international economic and financial markets, and in particular to those factors influencing public procurement.

Canadian economic conditions, including the exchange rate, influence the competitive position of Canadian exporters and thus the demand for CCC's services. Interest rates and credit conditions affect the Corporation's overall risk exposure as well, through the balance sheet health of Canadian exporters. In 2003-2004, the rising Canadian dollar decreased the reporting size of the Corporation's assets and liabilities, of which a significant portion originates in U.S. dollars. Changes in interest rates in both Canada and the U.S. also impacted CCC's treasury operations.

INTERNAL RISKS

The Corporation has recognized that there are a number of internal factors and policies that can impact the effectiveness of its operations and, ultimately, its capacity to respond to the needs of its clients. Key risk areas include market awareness and stakeholder relations, pricing, personnel, technology and information systems, and organizational structure and values. Regular monitoring of these risks occurs through the Corporation's management structure and interactions with its Board, and through a comprehensive corporate planning process.

Increased awareness of the Corporation among clients, new and old, is key to increased international trade facilitation by the Corporation. It is being delivered through increased funding of marketing and promotion activities, which commenced two years ago. Positive relations with stakeholders are encouraged and monitored through CCC's management committee structure.

The introduction of a fee-for-service policy successfully generated significant income growth in its first year. The policy was reviewed last year to ensure it continues to adapt to market conditions and that the Corporation's revenue flow is not at risk. It is expected that the policy will likely be modified this year.

The Corporation increased its training resources budget two years ago so that employees will receive ongoing training in international trade with particular focus on contract structuring, negotiation and management. CCC's enhanced information technology system, which was put into operational use last year, continues to be configured in order to improve the Corporation's business efficiency and enable more E-Business. A long-term technology development plan is being implemented to ensure that the proper level of funding is maintained and any disruption to the existing work environment is minimized.

The Corporation has a number of policies and procedures in place, as well as a long-term internal audit plan, to identify and correct internal control weaknesses and systems deficiencies, covering the areas of human resources, technology and other organizational factors.

Over the coming year, the Corporation will be evaluating the merits of implementing a formal enterprise-wide risk management system to better document, evaluate and mitigate the risks in addressing its corporate strategic objectives.

TRANSACTION RISKS

The Corporation is sensitive to the need to protect taxpayers by effectively mitigating and managing risk in its business transactions, specifically its export contracts and other financial activities.

Contract risk

As CCC is an organization that signs and takes responsibility for approximately \$1 billion in export contracts each year, contract risk is a critical concern for the Corporation. CCC takes a proactive role in the development of the foreign contract and uses the contract negotiating process to mitigate risk. CCC staff assess the international transaction as a whole and identify the roles and responsibilities needed for successful completion of the project, and work with the buyer and the Canadian supplier to secure a mutually beneficial contract.

Among the risk mitigation issues that CCC addresses in its contracts are: timing of foreign payment flows to exporter production cash flows, location and basis of acceptance of the

goods or services, location and basis for dispute resolution, and timing of foreign party contractual obligations versus the exporter's. CCC passes on the obligations of the foreign contract to the Canadian supplier via a back-to-back matching domestic contract.

Performance risk

Performance risk is the risk that the Corporation's supplier or suppliers (exporters) may fail to supply goods and services to the foreign buyer consistent with the terms and conditions of the contract. Prior to entering into such contracts, the Corporation conducts an extensive due diligence review of the exporter's managerial, technical and financial capability and the foreign contract.

In the case of Defense Production Sharing Arrangement (DPSA) projects and some others, Public Works and Government Services Canada (PWGSC) conducts this risk assessment on behalf of the Corporation. Depending upon the results, the Corporation may require additional assurances such as performance securities and/or contract modifications.

Foreign credit risk

Foreign credit risk is the risk that the foreign party will not honour its obligation to pay for the goods and/or services under the contract. The Corporation has a foreign credit risk policy that determines the amount and extent to which it will entertain this risk on its own account. Specifically, it takes a Triple A rated credit risk of foreign governments and commercial parties, and accepts commercial securities to back up customers' payment obligations where the credit rating is less, unless the Board has provided an exception. In all other cases, the foreign credit risk is the responsibility of the exporter, who often uses the financing and insurance services of Export Development Canada (EDC).

Foreign exchange risk

Foreign exchange risk is the risk that the foreign currency under the contract fluctuates negatively against the Canadian dollar over the term of the contract. It is the Corporation's policy to pass this risk to the Canadian exporter. The Corporation partners with the Toronto-Dominion Bank to offer foreign exchange services to exporters under its contracts at favourable rates.

IMPLEMENTATION RISKS

Following contract signing, the Corporation actively monitors and manages the risks associated with transactions post-commitment to ensure that issues are identified and addressed as early as possible. As a follow-up to internal audit review of

its post-contract arrangement practices, policies and organization, the Corporation developed a Post-Contract Management Manual. The implementation of this Manual will improve the Corporation's risk management practices and business processes associated with its outstanding contract portfolio. In an effort to develop expertise to address transactions in a probable loss situation, leadership in resolving these files was centralized this year under a Restructuring Unit. The Corporation has already experienced the benefits of the establishment of this Unit in terms of faster turnaround time, ability to utilize lessons learned on previous transactions and a reduction in workload requirements from other Corporate Units.

RESPONSIBILITIES

To properly assess the risk inherent in each international trade transaction, the following groups within the Corporation have been allocated responsibility for certain categories of risk:

- 1) Operations is responsible for evaluating and assessing the supplier's technical and managerial capability, and for assessing, developing and signing contracts;
- 2) Financial Risk Analysis Services is responsible for evaluating and assessing the supplier's financial capability, project cash flow, foreign credit risk and foreign exchange risk;
- 3) Legal Services is responsible for evaluating and assessing contractual risk.

Individuals in these groups have a delegated approval authority based on relevant expertise and experience. With some exceptions, each transaction requires the approval of all three groups. Significant transactions that pose special risk, such

as those relative to overseas construction projects, or for projects exceeding \$100 million in value, require Board of Directors' approval.

The Corporation's Policy and Planning unit is responsible for assisting Operations in ensuring all trade transactions adhere to export permit requirements, Government of Canada trade sanctions, "capital" project guidelines (governing overseas construction projects), as well as environmental and corporate social responsibility requirements.

OTHER BUSINESS RISKS

In addition to risk related to specific export transactions, the Corporation is exposed to risks related to its corporate financial or treasury operations. These include the risk of financial losses arising from movements in interest and foreign exchange rates, appropriateness of the investment instruments and the financial institutions holding the Corporation's money, as well as (liquidity) risk of insufficient funds to address corporate obligations. Treasury management policies approved by the Audit Committee of the Board have been put in place to minimize these risks, including the currencies transacted and the types of investment instruments it uses. For 2003-2004, the Corporation invested its cash balances in Canadian dollars, to take advantage of favourable interest rates and eliminate its exposure to foreign exchange loss. The treasury unit also reports regularly on the credit status of the financial institutions holding its cash.

Most of the Corporation's transactions outside the United States are structured to avoid situations where the risk becomes illiquid, as the exporter normally receives payment only after prior payment to CCC by the foreign buyer. Under the DPSA, however, CCC may pay its supplier before receiving payment from the customer. The Corporation has access to lines of credit of up to \$40 million with a Canadian financial institution to address DPSA liquidity requirements, if required.

Next year, due to a change in legal status of some of its arrangements conducted with various financial institutions to facilitate exports in certain markets, the Corporation expects to utilize the full \$90 million of its statutory borrowing authority. As such, the Corporation will undergo a review of its future borrowing needs to assess whether its statutory borrowing level needs to be changed.

RISK CAPITAL ALLOCATION

The Corporation allocates its available risk capital between its performance risk obligations and its foreign credit risk obligations based on limits imposed by the Board of Directors. The utilization status of its risk capital is reported to the Board of Directors at each meeting.

Performance risk exposures are further sub-divided into two categories: 1) exposures that fit within normal risk tolerance parameters and 2) exposures that are above normal risk and have been allocated to the Corporation's SME Risk Fund.

SMEs are typically weaker than larger companies in one or all of CCC's principal areas of due diligence review: financial, technical and managerial capacity. CCC takes a hands-on approach to addressing these risks, notably through the negotiation of the foreign contract. However, in some cases, the Corporation is unable to completely mitigate all of the project risks, which results in some residual exposure to the Corporation, and consequently an inability to participate in a transaction under CCC's normal risk tolerance parameters.

The SME Risk Fund enables the Corporation to participate in some of these higher risk transactions, where the exposure can be quantified and a corresponding risk premium can be charged, over and above CCC's normal fee-for-service. In the future, it is planned to increase the limits of the Fund significantly, based on the Corporation's experience to date and increased equity capital.

The Financial Risk Analysis Services Unit of the Corporation regularly monitors the Corporation's risk exposure, and based on past and current transactional experience and the current domestic and foreign market environments, updates the Corporation's risk capital allocation ratios accordingly. It is management's responsibility to operate within the portfolio risk capital allocation limits established by the Board. Any exceptions to limits require specific Board approval.

Financial Statements and Notes

MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements of the Canadian Commercial Corporation and all information in this annual report are the responsibility of management. The statements have been prepared in accordance with Canadian generally accepted accounting principles, using management's best estimates and judgements, where appropriate. Financial information presented elsewhere in the annual report is consistent with the statements.

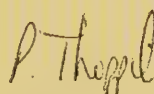
In support of its responsibility, management has developed and maintains books of account, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information, that assets are safeguarded and controlled, and that transactions of the Corporation are in accordance with the *Financial Administration Act* and regulations and, as appropriate, the *Canadian Commercial Corporation Act*, the by-laws of the Corporation and the charter.

The Audit Committee oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting. The Audit Committee meets with management and the external auditor to review the manner in which these groups are performing their responsibilities and to discuss auditing, internal controls and other relevant financial matters. The Audit Committee has reviewed the financial statements with the external auditor and has submitted its report to the Board of Directors. The Board of Directors has reviewed and approved the financial statements.

The Corporation's external auditor, the Auditor General of Canada, audits the financial statements in accordance with the Canadian generally accepted auditing standards, and expresses her opinion on the financial statements.



J. Hugh O'Donnell
President



Paul J. Thoppil, CA
Vice-President, Risk and Financial Services

Ottawa, Canada
May 21, 2004



AUDITOR'S REPORT

To the Minister for International Trade

I have audited the balance sheet of the Canadian Commercial Corporation as at March 31, 2004 and the statements of operations and retained earnings and cash flow for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Canadian Commercial Corporation Act* and the by-laws of the Corporation.

Douglas G. Timmins, CA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 21, 2004

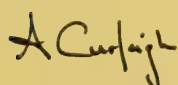
Balance Sheet

As at March 31 (in thousands of dollars)

	04	03
ASSETS		
Cash and cash equivalents (Note 4)	\$ 50,156	\$ 31,063
Accounts receivable (Note 5)	193,612	233,664
Receivable from the Government of Canada	-	107
Advances to Canadian exporters	32,484	40,076
Progress payments to Canadian exporters	72,286	111,412
	348,538	416,322
Capital assets (Note 6)	2,269	2,986
	\$ 350,807	\$ 419,308
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	\$ 186,961	\$ 217,938
Advances from foreign customers	42,847	51,186
Progress payments from foreign customers	72,215	104,793
Provision for additional contract and related costs (Note 10)	7,757	3,551
	309,780	377,468
Employee future benefits (Note 8)	1,063	1,063
	310,843	378,531
Contingencies (Note 11)		
EQUITY OF CANADA		
Contributed surplus (Note 1)	28,000	28,000
Retained earnings	11,964	12,777
	39,964	40,777
	\$ 350,807	\$ 419,308

The accompanying notes are an integral part of the financial statements.

Approved:



Chair, Board of Directors



Chair, Audit Committee

Statement of Operations and Retained Earnings

For the year ended March 31 (in thousands of dollars)

	04	03
REVENUES		
Commercial trading transactions (Note 12)	\$ 1,121,831	\$ 1,242,149
Less: Cost of commercial trading transactions	1,111,515	1,234,117
Gross margin	10,316	8,032
Net interest income	1,606	1,365
Loss on foreign exchange	(1,558)	(2,772)
Net revenues	10,364	6,625
EXPENSES		
Additional contract and related costs	5,584	2,295
Administrative expenses (Note 13)	21,867	20,854
Total expenses	27,451	23,149
Net results of operations before Parliamentary appropriation	(17,087)	(16,524)
Parliamentary appropriation (Note 15)	16,274	16,631
Net results of operations	(813)	107
Retained earnings at beginning of year	12,777	12,670
Retained earnings at end of year	\$ 11,964	\$ 12,777

The accompanying notes are an integral part of the financial statements.

Cash Flow Statement

For the year ended March 31 (in thousands of dollars)

	04	03
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from foreign customers	\$ 1,110,658	\$ 993,260
Interest received	1,606	1,365
Fees for service and other income received	10,308	7,264
Payments to Canadian exporters	(1,096,805)	(1,160,507)
Administrative payments	(21,497)	(20,485)
Cash (used in) provided by operating activities	4,270	(179,103)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	-	(1,035)
Redemptions of short-term deposits	-	101,895
Cash provided by investing activities	-	100,860
CASH FLOWS FROM FINANCING ACTIVITIES		
Parliamentary appropriation - operating	16,381	21,955
Parliamentary appropriation - contributed surplus	-	8,000
Loan repaid to the Government of Canada	-	(10,000)
Cash provided by financing activities	16,381	19,955
Effect of exchange rate changes on cash and cash equivalents	(1,558)	(2,772)
Increase (decrease) in cash and cash equivalents	19,093	(61,060)
Cash and cash equivalents at beginning of year	31,063	92,123
Cash and cash equivalents at end of year	\$ 50,156	\$ 31,063

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements

March 31, 2004

1. Nature, organization and funding

The Canadian Commercial Corporation (the "Corporation") was established in 1946 by the *Canadian Commercial Corporation Act* and is an agent Crown corporation listed in Part I of Schedule III to the *Financial Administration Act*.

The Corporation generally acts as the prime contracting agency when foreign customers, foreign governments, international organizations, or private sector buyers, wish to purchase products and services from Canada through the Canadian Government. Contracts are made with these foreign customers and the Corporation enters into corresponding supply contracts with Canadian exporters.

Parliament has provided the Corporation with \$28 million as contributed surplus. Annually, the Corporation's operations are funded primarily through a combination of parliamentary appropriations, interest income, cost recovery, fees for service and receivable discounting revenues.

The Corporation is not subject to the provisions of the *Income Tax Act*.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. A summary of significant policies follows:

(a) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. The most significant management estimates are the provision for additional contract costs. Actual results could differ from those estimates.

(b) Contracts

The Corporation records its commercial trading revenues, and related costs, when a delivery has taken place thus passing title to the foreign customer, or, in the case of progress payments, upon acceptance of progress billings from Canadian exporters for work performed.

Progress payments, where allowed, represent payments from foreign customers and to Canadian exporters on contracts associated with the work performed on a contract leading up to delivery. Usually these payments represent up to 75 percent of costs incurred. Since title has not yet passed to foreign customers, the Corporation recognizes the progress payments made to Canadian exporters as an asset and the progress payments received from foreign customers as a liability. Progress payment assets and liabilities are reduced upon completion of delivery and acceptance by the foreign customer.

Advances from foreign customers and to Canadian exporters represent a down payment made at the outset of the contract before any work has been performed.

Prior to the amendment of the *Canadian Commercial Corporation Act* on April 19, 2002, the Corporation was only allowed to recover costs directly incurred upon securing specific international contracts. Amounts recovered on international contracts signed prior to this date are recognized in commercial trading revenues as earned when:

- (1) deliveries have been made by the Canadian exporter; or
- (2) substantial work has been performed by the Canadian exporter in the case of progress payments.

Upon the coming into force of this amendment to the Act, the Corporation was permitted to charge commercial fees for services. Commercial fees generated on international contracts signed on or subsequent to April 19, 2002, are recognized in commercial trading revenues when services are delivered.

Discounting revenues are revenues generated by the Corporation based on the difference between the amount the Corporation pays to the Canadian exporter and the amount the Canadian exporter originally billed the Corporation.

Additional contract and related costs are costs incurred primarily as a result of Canadian exporters failing to fulfil their obligations to the Corporation and are determined on a contract-by-contract basis, together with associated legal and other costs. These costs are recorded in the statement of operations in the year in which the non-performance is identified and the additional costs to be incurred by the Corporation are reasonably determinable.

(c) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the year-end exchange rates. Revenues and expenses are translated at the average monthly exchange rate.

Working capital is maintained in currencies other than Canadian dollars to facilitate cash flows between foreign customers and Canadian exporters.

(d) Cash and cash equivalents

Cash and cash equivalents includes cash, demand deposits and temporary investments, maturing in less than three months from acquisition date.

(e) Capital assets

Capital assets, primarily costs associated with the design and development of information systems are recorded, when significant, after technological feasibility is established. These capital assets are amortized on a straight-line basis over the estimated useful life of five years.

(f) Parliamentary appropriations

Parliamentary appropriations that are not in the nature of contributed capital are recorded as funding in the year for which they are appropriated, except as follows. Appropriations restricted by legislation and related to expenses of future periods are deferred and recognized as funding in the period in which the related expenses are incurred. Appropriations used for the purchase of capital assets are deferred and amortized on the same basis as the related asset.

(g) Employee future benefits

i) Pension benefits

Employees of the Corporation participate in the Public Service Superannuation Plan administered by the Government of Canada. Under present legislation, contributions made by the Corporation to the Plan are 2.14 times the employees' contributions on account of current service on amounts of salaries below \$100,000 annually. These contributions represent the total pension obligations of the Corporation and are charged to operations on a current basis. The Corporation is not required under present legislation to make contributions with respect to any actuarial deficiencies of the Public Service Superannuation Account.

ii) Employee severance benefits

Employees of the Corporation are entitled to specified severance benefits, calculated at salary levels in effect at the time of termination, as provided for under collective agreements and conditions of employment. The cost of the benefits earned by employees is actuarially determined using the projected benefit method prorated on services. The valuation of the liability is based upon a current market-related discount rate and other actuarial assumptions which represent management's best long-term estimates of factors such as wage increases and employee resignation rates. The excess of any net actuarial gain (loss) over 10% of the benefit obligation is amortized over the remaining service period of active employees.

3. Fair value of financial instruments

The fair value of cash and cash equivalents, accounts receivable, receivable from the Government of Canada, advances to Canadian exporters, progress payments to Canadian exporters, accounts payable and accrued liabilities, advances from foreign customers and progress payments from foreign customers, since they have short maturities, is equivalent to their carrying amounts.

4. Cash and cash equivalents

As at March 31, 2004, cash and cash equivalents included (in thousands of dollars):

	2004		2003	
	Original currency	Canadian dollars	Original currency	Canadian dollars
Canadian dollars	37,926	\$37,926	15,448	\$15,448
U.S. dollars	8,599	11,277	7,035	10,326
Australian dollars	338	338	4,537	4,031
EURO	-	-	479	767
British pound sterling	167	402	164	380
Eastern Caribbean dollars	434	213	202	111
		\$50,156		\$31,063

The Corporation invests in short-term deposits in Canadian banks. At March 31, 2004, the average term to maturity of short-term deposits was 1 day (2003 - 3 days). The overall portfolio yield at March 31, 2004 was 1% (2003 - 2.69%). Cash and cash equivalents are recorded at cost, which approximates fair value.

Of the cash and cash equivalents, \$8,740,000 (2003 - \$20,007,000) represents funds received from foreign customers which will be remitted to Canadian exporters at later dates in accordance with contracts. Where contracted, these funds may accrue interest to the credit of the Canadian exporter or foreign customer.

5. Accounts receivable and accounts payable and accrued liabilities

Accounts receivable are due on normal international trade terms and are generally non-interest bearing.

Accounts payable are due on normal trade terms, except for accounts payable to certain small-medium enterprises with contracts signed prior to January 2001. Where these contracts have not been completed, related accounts payable are paid within 15 days.

6. Capital assets

Year ended March 31 (in thousands of dollars)

	2004		2003	
	Cost	Accumulated Amortization	Net book Value	Net book Value
Information systems	\$3,583	\$1,314	\$2,269	\$2,986

Included in administrative expenses was \$717,000 (2003 - \$597,000) of amortization.

7. Demand operating credit facility

The *Canadian Commercial Corporation Act* permits the Corporation to borrow from the Consolidated Revenue Fund or other sources for an amount not to exceed \$90 million (previously \$10 million). The Corporation opened a revolving credit facility providing access to funds in the amount of \$40 million Canadian or its U.S. dollar equivalent. Indebtedness under this agreement is unsecured and this credit facility has no expiry date. As at March 31, 2004, there were no draws on this line of credit.

8. Employee future benefits

(a) Pension benefits

The Public Service Superannuation Plan requires the Corporation to contribute at a rate of 2.14 times the employees' contribution (2003 - 2.14:1) for salaries less than \$100,000.

(b) Employee severance benefits

The Corporation provides severance benefits to its employees. These benefits are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation. The accrued estimate benefit obligation of these benefits is \$1,063,000 and is fully recorded in the books of accounts. The current year's expense for the benefits is \$121,000 and the total benefits paid amounted to \$177,000. The actuarial valuation of the obligation was \$950,730 at March 31, 2004. The actuarial assumptions adopted in measuring the Corporation's

accrued benefits obligation were based on a 6.05% liability discount rate and rates of compensation increases of 1.5% which reflect current economic indicator, merit and promotional increases.

9. Contractual obligations and risk management

(a) Contractual obligations and indemnities

The Corporation is obligated to complete numerous contracts with foreign customers. As of March 31, 2004, the total contract portfolio value remaining to be fulfilled approximates \$1.357 billion (2003 - \$2.0 billion). The profile of the Corporation's total contract portfolio is as follows:

< 1 year	\$919,859,000
> 1 and < 3 years	\$408,637,000
> 3 and < 5 years	\$ 28,610,000

The Corporation has contractual recourse to Canadian companies to fulfill its contractual obligations. Depending upon the results of its due diligence, the Corporation may supplement this recourse through the provision of commercial securities including holdbacks, bank guarantees, surety bonds, parent guarantees, insurance assignments, property liens, personal guarantees, and shareholder cash held in trust with the Corporation.

Under the Progress Payment Program, the Corporation indemnifies participating banks for amounts they have advanced to Canadian exporters. The Corporation may claim title to the works in progress should a Canadian exporter fail to complete a contract. The amount of outstanding indemnities as of March 31, 2004 is \$1,713,000 (2003 - \$11,225,000). The profile of the Corporation's outstanding indemnities is as follows:

< 1 year	\$ 1,713,000
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Besides claiming title to the works in progress, the Corporation may supplement this recourse depending upon the results of its due diligence through the provision of commercial securities including parent guarantees, insurance assignments, property liens, personal guarantees, and shareholder cash held in trust with the Corporation.

Under a specific series of contracts, the Corporation is also committed to repurchase certain accounts receivable from participating banks under certain conditions. The Corporation has access to a number of commercial securities should the foreign party fail to repay amounts owed to these banks. The amount of outstanding accounts receivable repurchase commitments as of March 31, 2004 is \$32,725,000 (2003 - \$39,470,000). The profile of the Corporation's commitments is as follows:

< 1 year	\$ 29,141,000
> 1 and < 3 years	\$ 3,584,000

(b) Risk management

In terms of foreign customer credit risk, the Corporation generally extends open account terms to parties with a credit rating of at least AAA, and seeks security where the rating falls below this threshold.

To address foreign exchange risks, contracts with foreign customers and corresponding contracts with Canadian exporters are generally entered into in the same currency. The Corporation uses this and other techniques to effectively transfer the currency risk to the Canadian exporter.

10. Provision for additional contract and related costs

The Corporation may incur additional contract and related costs should Canadian exporters not fulfil the terms of their contracts. The Corporation has recorded a provision of \$7,757,000 as of March 31, 2004 (2003 - \$3,551,000), representing management's best estimate of the additional costs which will be incurred by the Corporation to meet its contractual obligations.

11. Contingencies

The Corporation is the claimant or defendant in certain pending claims and lawsuits. While the damages being claimed by the plaintiffs are significant, based on advice from legal counsel, management believes that the potential liabilities of the Corporation and consequent damages or awards arising from such liabilities are, at present, not determinable.

Amounts payable, if any, will be recorded in the year in which they can be determined.

During the year, a judgment was rendered against the Corporation, Public Works and Government Services Canada (PWGSC) and the Department of National Defence by the Ontario Court Superior Division for an amount of \$30 million plus interest from October 1985, the date the cause of action arose. The Attorney General of Canada filed a Notice of Appeal with respect to the judgment against CCC and PWGSC. Any liability arising from this case will be split between the Corporation and PWGSC. The split cannot be determined at this time. Management believes that the potential liabilities of the Corporation and consequent damages or awards arising from such liabilities are, at present, not determinable.

12. Commercial trading transactions

Commercial trading transactions arising from the Corporation's facilitation of sales of Canadian goods to foreign customers, which include governments, international agencies and other buyers throughout the world, were distributed as follows:

Year ended March 31 (in thousands of dollars)

	2004	2003
U.S. government and other buyers	\$ 680,630	\$ 943,930
Other foreign governments and buyers	441,201	282,090
United Nations agencies	-	16,129
	\$1,121,831	\$1,242,149

Commercial trading transactions are comprised of contract billings of \$1.1 billion (2003 - \$1.2 billion) and fees for service and other income of \$10,316,000 for the year ended March 31, 2004 (2003 - \$8,032,000).

Other income for the year ended March 31, 2004 included a \$2.1 million reversal of a long outstanding liability (2003 - nil).

Commercial trading transactions are distinct from business volume which is the term used to describe the total value of contracts and amendments signed during the year. Business volume for the year ended March 31, 2004 amounted to \$1.2 billion (2003 - \$952 million).

13. Administrative expenses

Administrative expenses were distributed as follows:

Year ended March 31 (in thousands of dollars)

	2004	2003
Workforce compensation	\$ 10,007	\$ 9,273
Public Works and Government Services Canada fees for service	5,231	5,937
Software/ hardware and support	1,388	729
Travel and hospitality	1,004	1,122
Rent	949	872
Marketing and promotion	910	1,026
Amortization	717	597
Other expenses	711	499
Human resources training and other initiatives	629	451
Telecommunications, courier, translation	321	348
	\$ 21,867	\$ 20,854

14. Related party transactions

The Corporation is related in terms of common ownership to all Government of Canada departments, agencies and Crown Corporations. The Corporation enters into transactions with these entities in the normal course of business.

(a) Public Works and Government Services Canada

Public Works and Government Services Canada provides contract management services to the Corporation at negotiated rates based in part on the amounts of contracts procured, and provides certain functions at cost.

For the year ended March 31, 2004 the cost of these services amounted to \$5,231,000 (2003 - \$5,937,000) and is included in administrative expenses.

In one circumstance, Public Works and Government Services Canada provides the Corporation with contract management services at no additional cost. It is not practicable to determine the cost of these services. Accordingly, the value of these services is not recorded in the Corporation's accounts.

(b) Department of Justice

The Department of Justice provides legal services to the Corporation and represents it in certain matters. The Corporation pays for legal fees and expenses incurred in connection with specific actions. For the year ended March 31, 2004 the cost of legal fees and expenses in the amount of \$295,000 (2003 - \$364,000) is included in administrative expenses, and in the amount of \$347,000 (2003 - \$305,000) is included in additional contract and related costs.

(c) Department of Foreign Affairs and International Trade

The Corporation has agreed to conduct the process of selecting a qualified manager to structure the Canada Investment Fund for Africa. For the year ended March 31, 2004 the revenue generated from that project was \$492,000 (2003 - \$224,000).

(d) Privy Council Office and Elections Canada

The Corporation allows its employees to participate in interchange employee programs with other departments or agencies. For the year ended March 31, 2004 the Corporation recovered salaries and benefits charges of \$167,360 (2003 - \$65,710).

As a result of all related party transactions, the amounts due from and to these parties are \$570,000 (2003 - nil) and \$699,000 (2003 - \$651,000) and are included in accounts receivable and accounts payable respectively.

15. Parliamentary appropriations

During the year, the Parliament of Canada authorized appropriations for the Corporation in the amount of \$16,274,000 (2003 - \$16,631,000).

16. Lease commitments

Future minimum payments by fiscal year on operating leases for premises are as follows:

2004-2005	\$ 789,000
2005-2006	396,000
	<hr/>
	\$1,185,000



Alan R. Curleigh 3, 4
Chairperson of the Board
Canadian Commercial Corporation

“The better our understanding of the issues Canadian exporters face and what CCC can do to help them, the further we can develop CCC’s commercial potential.”



J. Hugh O'Donnell 3
President
Canadian Commercial Corporation

“CCC has to continue working diligently in implementing its corporate social responsibilities program in order to properly support Canadian exporters.”



Andrew Saxton 1
Chairman
King George Financial Corporation, Vancouver, British Columbia

“We are business people who have experienced what works and what doesn’t, and can use this knowledge so CCC can make the most of market opportunities for Canadian exporters.”



Louis-Marie Beaulieu, FCA 1, 4
Chairman of the Board
and Chief Executive Officer, Group Desgagnés Inc., Quebec City, Quebec

“The Board has an obligation to protect the Corporation from unnecessary risk by putting the proper controls in place.”



David W. Stapley, CA 2, 4
President, DRS Technologies Canada Inc.
and Senior Vice President, International Business Development - Government Relations DRS Technologies Inc., Carleton Place, Ontario

“Each member has a set of values that influence our decisions, and help to ensure the Corporation’s results are achieved responsibly.”



Peter M. Wright, LLB 3
Chairman
Patterson Palmer Hunt Murphy, Moncton, New Brunswick

“We have to get better and better at governance. We need to keep coming to the bar and exceeding it, which I think CCC is doing.”



Amélia Salehabadi, LLB 2, 4
Lawyer
Salehabadi and Associates, Montreal, Quebec

“While we’ve been entrusted to provide direction to the Corporation, we also need to be ambassadors and enthusiastically promote CCC at every opportunity.”



John Duffy, CA 1
Chief Financial Officer
and Vice President, Finance, Neate Roller Limited, Mississauga, Ontario

“We need to have a great respect for risk assessment to accompany the strong entrepreneurial direction we are setting for CCC.”



David Fransen 2, 4
Assistant Deputy Minister
Industry Sector, Industry Canada, Ottawa, Ontario

“Our challenge is to spread the scope of CCC and do it without losing sight of what has made CCC so successful.”



Ken Sunquist 3
Assistant Deputy Minister
International Business and Chief Trade Commissioner, International Trade Canada, Ottawa, Ontario

“Accountability is much more important than ever, and the Government expects us to provide the necessary oversight and direction.”



Grant Mitchell, CFA 1
Investment Advisor
CIBC Wood Gundy, Edmonton, Alberta

“We need to make sure CCC is well known in all of Canada and positioned to tap those markets where huge export opportunities exist.”

- 1 Member of Audit Committee
- 2 Member of Compensation Committee
- 3 Member of Commercial Initiatives Committee
- 4 Member of Nominating Committee



J. Hugh O'Donnell
President

“I'd like to see our team get CCC to where Canadian exporters accept us as their partner of choice.”



Tamara Parschin-Rybkin, QC
Corporate Counsel and Corporate Secretary

“We strive to give the best possible advice recognizing the needs of Canadian suppliers but always ensuring the Corporation's interests are protected.”



Robert Ryan
Vice President
Operations

“Making sure we move up our client's value chain, both in what we bring to the transaction and how we price that value, will be a key to our future success.”



Sharon Fleming
Vice President
Corporate Services

“Our people need to be engaged and considered in our decisions, feel supported, and see how their efforts contribute to our results.”



Paul J. Thoppil, CA
Vice President
Risk and Financial Services

“I'm determined to make sure we do a good job managing our money, cover our risks in export transactions, and stay true to our Corporate Plan.”

CANADIAN EXPORTERS WORKING WITH CCC TO WIN A SALE OR DELIVER ON A CONTRACT

3M Canada Inc. Brockville, Ontario	Canarail Consultants Montréal, Quebec	Eagle-Picher Energy Products Corporation Surrey, British Columbia
ABB Inc. Saint-Laurent, Quebec	CANDESAL International Corporation Fredericton, New Brunswick	Eclipse Technologies Inc. Nanaimo, British Columbia
Accucaps Industries Limited Windsor, Ontario	Can-EquaTrade International Inc. Scarborough, Ontario	Eco Logic Chemical Technologies Inc. Rockwood, Ontario
ACR Systems Inc. Surrey, British Columbia	Cargill Ltd. Winnipeg, Manitoba	ELCAN Optical Technologies Midland, Ontario
Acro Aerospace Inc. Richmond, British Columbia	Cargill Ltd. Clavet, Saskatchewan	Enghouse Systems Limited Markham, Ontario
Active Gear Company of Canada Limited Concord, Ontario	Caribbean International Supply Vaughan, Ontario	Envirogreen Technologies Ltd. Burnaby, British Columbia
Acton International Inc. Acton Vale, Quebec	Carleton Life Support Technologies Ltd. Mississauga, Ontario	Environmental Waste International Inc. Ajax, Ontario
Adlair Aviation Ltd. 1983 Yellowknife, Northwest Territories	Casavant Frères Ltée. Saint-Hyacinthe, Quebec	Excalibur Systems Limited Kanata, Ontario
Aeon Group Inc. Scarborough, Ontario	Cascade Aerospace Inc. Abbotsford, British Columbia	Expro Technologies Inc. Salaberry-De-Valleyfield, Quebec
Air Capitol Warbirds Inc. (ACWI) Ayr, Ontario	Cayenta Canada Inc. Vancouver, British Columbia	FAG Bearings Limited Stratford, Ontario
Aircraft Appliances and Equipment Ltd. Brampton, Ontario	Cercast Incorporated Laval, Quebec	Falcon Concentrators Inc. Langley, British Columbia
Aklak Air Inc. Inuvik, Nunavut	Certicom Corporation Mississauga, Ontario	Falher Alfalfa Ltd. Falher, Alberta
Alta Precision Inc. Ville d'Anjou, Quebec	Chaichem Pharmaceuticals International Laval, Quebec	FELLFAB Limited Hamilton, Ontario
Amenaza Technologies Limited Calgary, Alberta	Chemac Industries Inc. Vernon, British Columbia	Fiber Connections Inc. Summerside, Prince Edward Island
Amphitech international Laval, Quebec	CMC Electronics Inc. Kanata, Ontario	Field Aviation Company Inc. Mississauga, Ontario
Anachemia Canada Inc. Lachine, Quebec	CMC Electronics Inc. Saint-Laurent, Quebec	Field Aviation Sales Ltd. Toronto, Ontario
Anywear Apparel Incorporated Calgary, Alberta	Communications & Power Industries Canada Inc. Georgetown, Ontario	First Air Carp, Ontario
Applied Microsystems Limited Sidney, British Columbia	Comprehensive Care International Toronto, Ontario	Flight Fuels Inc. Edmonton, Alberta
Array Systems Computing Inc. Toronto, Ontario	Conair Aviation Ltd. Abbotsford, British Columbia	Forest Technology Systems Limited Victoria, British Columbia
ArvinMeritor Ride Control Products Inc. Toronto, Ontario	Corporate Mentoring Solutions Inc. Saanichton, British Columbia	Galax Inc. Montréal, Quebec
Atlantis Systems International Inc. Brampton, Ontario	Courtage Forestier C.B. Inc. (CFCB) Buckland, Quebec	GasMaster Industries Inc. Vancouver, British Columbia
Atlantis-Amel Technologies Corporation Brampton, Ontario	CPAS Systems Toronto, Ontario	GasTOPS Ltd. Gloucester, Ontario
Babcock & Wilcox Canada Limited Cambridge, Ontario	Crown Industries Inc. Calgary, Alberta	General Dynamics Canada Ltd. Calgary, Alberta
Ballantry Homes Inc. Richmond Hill, Ontario	CSI Gear Corporation Brampton, Ontario	General Dynamics Canada Ltd. Nepean, Ontario
Banner Pharmacaps (Canada) Ltd. Olds, Alberta	CTF Systems (2001) Inc. Port Coquitlam, British Columbia	General Dynamics Land Systems - Canada Corporation London, Ontario
Battle River Asphalt Equipment Ltd. Cut Knife, Saskatchewan	Custom Window & Doors Millworks Salmon Arm, British Columbia	General Kinetics Engineering Corporation Brampton, Ontario
Bell Helicopter Textron Canada Limited Mirabel, Quebec	CYMC Corp. Concord, Ontario	General Motors of Canada Limited London, Ontario
Bombardier Inc. Millhaven, Ontario	DAC Aviation International Ltd. Montréal, Quebec	General Switchgear & Controls Ltd. Vaughan, Ontario
Bombardier Inc. North York, Ontario	Davnor Water Treatment Technologies Ltd. Calgary, Alberta	Genix Technology Vancouver, British Columbia
Bombardier Inc. Mirabel, Quebec	Dell-Point Technologie Blainville, Quebec	GenTex Oilfield Manufacturing Inc. Red Deer, Alberta
Bradley Air Services Limited Carp, Ontario	Department of National Defence Ottawa, Ontario	Geomax International Inc. Brossard, Quebec
Bristol Aerospace Limited Winnipeg, Manitoba	Dessau-Soprin Can-American Inc. Laval, Quebec	Gladwin Farms Ltd. Abbotsford, British Columbia
Burden's Janitorial Services Limited Happy Valley-Goose Bay, Newfoundland and Labrador	Dessau-Soprin International Inc. Laval, Quebec	Global Development Group Ottawa, Ontario
C2 Logistics Inc. Ottawa, Ontario	Diagnos inc. Brossard, Quebec	GMAC Financial Services Halifax, Nova Scotia
CAE Electronics Ltd. Saint-Laurent, Quebec	Dieco Technologies Limited Brampton, Ontario	Goodrich Control Systems Ltd. Montréal, Quebec
CAE Inc. Saint-Laurent, Quebec	Diemaco Inc. Kitchener, Ontario	Goodrich Landing Gear Services Burlington, Ontario
Callian Technology Ltd. Kanata, Ontario	Donlee Precision Toronto, Ontario	Goodrich Landing Gear Services Oakville, Ontario
Canadian Bank Note Company Ltd. Ottawa, Ontario	DRS Technologies Carleton Place, Ontario	GPEC International Ltd. Ottawa, Ontario
Canadian Helicopters Limited Les Cèdres, Quebec	DuponTrolley Industries Inc. Québec City, Quebec	Grant Systems Engineering Inc. King City, Ontario
Canadian Petroleum Institute Edmonton, Alberta	DY 4 Systems Inc. Kanata, Ontario	GREENSOLV Inc. Baie d'Urfé, Quebec

Groupe Chagnon Ltée Varennnes, Quebec	Lakes Environmental Consultants Inc. Waterloo, Ontario	Nordic Systems Inc. Mississauga, Ontario
Groupe Hauts-Monts Montréal, Quebec	Lambert Somec Québec City, Quebec	Northern Transportation Co. Ltd. Hay River, Northwest Territories
Heimann Systems Inc. Laval, Quebec	Le Groupe Infotel Inc. Longueuil, Quebec	Northrop Grumman Canada Corporation Etobicoke, Ontario
Hermes Electronics Inc. Dartmouth, Nova Scotia	Leader Fan Industries Limited Etobicoke, Ontario	Northstar Aerospace (Canada) Inc. Milton, Ontario
Heron Technology Corporation Markham, Ontario	Les Entreprises Albert Cloutier Ltée. St. Raymond, Quebec	Novalis Halifax, Nova Scotia
Héroux-Devtek Inc. Longueuil, Quebec	Les Tricots Bozart Knitting Mills Ltd./Ltée St. Léonard, Quebec	Obzerv Technologies Inc. Québec City, Quebec
Hewlett-Packard (Canada) Limited Mississauga, Ontario	Liftking Industries Inc. Woodbridge, Ontario	OceanWorks International Corporation North Vancouver, British Columbia
Honeywell Aerospatiale Inc. St. Laurent, Quebec	LIOH Inc. Mont Royal, Quebec	Oculus Info Inc. Toronto, Ontario
Honeywell ASCa Inc. Mississauga, Ontario	Lloyd-Werring Enterprises Inc. Ottawa, Ontario	Odan Laboratories Pointe-Claire, Quebec
Horton Automation Inc. Burnaby, British Columbia	Lockheed Martin Canada Inc. Kanata, Ontario	O'Dell Engineering Ltd. Cambridge, Ontario
Hurley Slate Works Company Inc. Conception Bay South, Newfoundland and Labrador	Lunny Communications Group Inc. Vancouver, British Columbia	ODIM Spectrum Ltd. Peterborough, Ontario
ICN Canada Ltd. Montréal, Quebec	Luxell Technologies Inc. Mississauga, Ontario	Ontira Communications Vancouver, British Columbia
Idelix Software Inc. Vancouver, British Columbia	MacDonald Dettwiler and Associates Ltd. Richmond, British Columbia	Optech Inc. North York North York, Ontario
Imexcom International Trading inc. Ville St-laurent, Quebec	MacDonald Dettwiler Space and Advanced Robotics Ltd. Brampton, Ontario	Orenda Aerospace Corporation Mississauga, Ontario
IMP Group Limited Halifax, Nova Scotia	Magellan Aerospace Corporation Mississauga, Ontario	Orgues Létourneau Ltée. Saint-Hyacinthe, Quebec
IMP Group Limited Hammonds Plains, Nova Scotia	Magneto-Inductive Systems Limited Head of Jeddore, Nova Scotia	O-Two Systems International Inc. Mississauga, Ontario
IMP Group Limited Enfield, Nova Scotia	Magnum Integrated Technologies Inc. Brampton, Ontario	OZA Inspections Ltd. Grimsby, Ontario
IMT Corporation Ingersoll, Ontario	Magtron Scarborough, Ontario	Paco Corp. Saint-Hubert, Quebec
IMW Industries Ltd. Chilliwack, British Columbia	Mandate Erectors & Welding Ltd. Big River, New Brunswick	Panalpina Inc. Montréal, Quebec
Indal Technologies Inc. Mississauga, Ontario	Manufacturier Minier CMAC Val d'Or, Quebec	Paradigm Shift Technologies Inc. Richmond Hill, Ontario
Industrial Rubber Company Ltd. Bathurst, New Brunswick	Marathon Watch Company Limited Richmond Hill, Ontario	Patriot Forge Inc. Brantford, Ontario
Informatique DBD Laval, Quebec	MDS Aero Support Corporation Saint-Laurent, Quebec	Pavac Technology Inc. Richmond, British Columbia
Infosat Telecommunications Ottawa, Ontario	MDS Aero Support Corporation Ottawa, Ontario	Petro Sep Membrane Technologies Inc. Oakville, Ontario
Innovated Control Systems Bancroft, Ontario	Mecair Aerospace Industries Inc. Pointe-Claire, Quebec	Pharmalab (1982) Inc. Lévis, Quebec
Intelcan Technosystems Inc. Nepean, Ontario	Mechtronix Systems Inc. Saint-Laurent, Quebec	Pharmascience Inc. Montréal, Quebec
Interactive Visualization Systems Inc. Fredericton, New Brunswick	Med-Eng Systems Inc. Ottawa, Ontario	Phoenix Geophysics Ltd. Scarborough, Ontario
International Civil Aviation Organization Montréal, Quebec	Messier-Dowty Inc. Ajax, Ontario	Plaintree Systems Arnprior, Ontario
International Datacasting Corporation Ottawa, Ontario	MetalCraft Marine Inc. Kingston, Ontario	Plastik OK Inc. Montréal, Quebec
JJM Construction Ltd. Delta, British Columbia	Metasolv Software Canada Inc. Montréal, Quebec	Poly Fabrics Ltd. Calgary, Alberta
Johnson Controls Ltd. St. Johns, Newfoundland and Labrador	Mineral Processing Equipment International Inc. Burlington, Ontario	Poly-Pacific International Inc. Edmonton, Alberta
Kasten Chase Applied Research Limited Mississauga, Ontario	Mist Mobility Integrated Systems Technology Inc. Nepean, Ontario	PoparSat Inc. Kirkland, Quebec
Kaval Wireless Technologies Inc. Markham, Ontario	Mitrade International Inc. Montréal, Quebec	Positron Public Safety Systems Inc. Montréal, Quebec
KCO Unisson Metal Products and Metdor Montreal Nord, Quebec	MTU Maintenance Canada Ltd. Richmond, British Columbia	Pratt & Whitney Canada Inc. Longueuil, Quebec
Ker-Train Research Inc. Kingston, Ontario	MultiCorpora R&D Inc. Gatineau, Quebec	Precision-Tech Limited Cambridge, Ontario
Klondike Kidstuff Inc. Langley, British Columbia	Nasittuq Corporation Ottawa, Ontario	Proceco Ltd. Montréal, Quebec
Koss Machine and Tool Company Brampton, Ontario	Natural Resources Canada Ottawa, Ontario	Produits intégrés Avior inc. Laval, Quebec
Lab 7 Networks Inc. Nepean, Ontario	Nav-Aids Limited Montréal, Quebec	Professional Machine Service Markham, Ontario
Labrador Airways Limited Happy Valley-Goose Bay, Newfoundland and Labrador	Navigation Aeronav International Inc. Pointe-Claire, Quebec	Pro-Safe Fire Training Systems Inc. Nobel, Ontario
Labrador Motors Ltd. Happy Valley-Goose Bay, Newfoundland and Labrador	NDT Technologies Inc. Baie d'Urfé, Quebec	Protocol Resource Management Inc. Aurora, Ontario
Lab-Volt Quebec Limited Charlesbourg, Quebec	Neptec Design Group Limited Kanata, Ontario	Public Works and Government Services Canada Hull, Quebec

Purifics ES Inc. London, Ontario	SNC Technologies Inc. Le Gardeur, Quebec	Unique Solutions Design Ltd. Dartmouth, Nova Scotia
PyroGenesis Inc. Montréal, Quebec	SNC-Lavalin International Inc. Montréal, Quebec	Uni-ram Corporation Markham, Ontario
Quester Tangent Corporation Sidney, British Columbia	Soheil Mosun Ltd. Toronto, Ontario	United Tri Tech Corporation Cornwall, Ontario
RDP Marathon Inc. Laval, Quebec	Soucy International Inc. Drummondville, Quebec	Unitron Industries Ltd. Kitchener, Ontario
Refrigerative Supply Burnaby, British Columbia	Soucy Techno Inc. Roch Forest, Quebec	University of Calgary Calgary, Alberta
Regor Inc. Montréal, Quebec	Spar Aerospace Limited Mississauga, Ontario	University of Waterloo Waterloo, Ontario
Research In Motion Limited Waterloo, Ontario	Sparton of Canada Limited London, Ontario	Unlimited Housing World Inc. Brossard, Quebec
Robotsearch Software Inc. Kanata, Ontario	Standard Aero Ltd. Winnipeg, Manitoba	Valcom Ltd. Guelph, Ontario
Rolls-Royce Canada Limited Lachine, Quebec	Stantec Consulting Ltd. Edmonton, Alberta	Valcura International Assessment Solutions Ltd. Edmonton, Alberta
Roma Caribbean Hotels & Restaurants Supply (Can) Ltd. Scarborough, Ontario	Swiftsure Spatial Systems Inc. Victoria, British Columbia	Vanguard Response Systems Inc. Stoney Creek, Ontario
Satlantic Inc. Halifax, Nova Scotia	TA MA SU Seal Products Inc. Ste-Foy, Quebec	Ventax Robot Inc. Ayr, Ontario
Scepter Corporation Scarborough, Ontario	Technologie Premiair Inc. Saint-Laurent, Quebec	Veriteq Instruments Inc. Richmond, British Columbia
Schreiner Target Services Canada Ltd. Medicine Hat, Alberta	Tecmotiv Corporation Concord, Ontario	Vêtements Stenis Inc. Le Gardeur, Quebec
Scintrex Trace Corp. Ottawa, Ontario	Tecnar Automation Ltée St-Bruno, Quebec	Vulkan Harex Steelfiber (North America) Inc. Brantford, Ontario
Seaforth Engineering Group Inc. Dartmouth, Nova Scotia	Teleflex Canada Limited Partnership Richmond, British Columbia	Wajax Industries Limited Mississauga, Ontario
SED Systems Inc. Saskatoon, Saskatchewan	TeraXion Inc. Ste-Foy, Quebec	Weatherhaven Burnaby, British Columbia
Sentinel Canada Montréal, Quebec	The Micronutrient Initiative Ottawa, Ontario	Wescam Inc. Burlington, Ontario
Sentinel Lubricant Corporation Montréal, Quebec	Thermo Design Engineering Ltd. Edmonton, Alberta	Wiebel Aerospace (1995) Inc. Summerside, Prince Edward Island
Sepritech Systems Incorporated Ottawa, Ontario	Thermotex Therapy Systems Ltd. Calgary/Alberta	Wire Rope Industries Ltd. Pointe-Claire, Quebec
Serco Facilities Management Inc. Happy Valley-Goose Bay, Newfoundland and Labrador	Tokmakjian Limited Milton, Ontario	Woodward Group of Companies Goose Bay, Newfoundland and Labrador
Shej Global Developments Incorporated Mississauga, Ontario	Tokmakjian Limited Concord, Ontario	Woodward's Oil limited Happy Valley-Goose Bay, Newfoundland and Labrador
SilverLeaf Materials Inc. Calgary, Alberta	TransMedico Inc. Montréal, Quebec	Wright Environmental Management Inc. Richmond Hill, Ontario
Simunition Le Gardeur, Quebec	Travelinx Inc. Toronto, Ontario	YottaYotta Inc. Edmonton, Alberta
Sky Hunter Exploration Ltd. Calgary, Alberta	Ultra Electronics Tactical Communication Systems Inc. Ville Saint-Laurent, Quebec	Zi Corporation Calgary, Alberta
SNC Lavalin Inc. Montréal, Quebec	Unique Broadband Systems Inc. Concord, Ontario	

GLOSSARY

Additional contract costs:

Costs incurred by the Corporation to meet its contractual obligations to foreign buyers when suppliers are unable to meet their contractual commitment to CCC. This may include the cost of repurchase or the cost of compensation.

Advance payments:

Down payment made by the buyer at the outset of the contract, before any work has been performed.

Appropriations:

Funding CCC receives from the Government of Canada to manage DoD/NASA Prime Contracts.

Business volume:

Total value of contracts and amendments signed by the Corporation during the fiscal year with respect to export transactions to foreign buyers.

Capital projects:

A project where a significant portion of the work is performed by a Canadian exporter, or by its subcontractor, in a foreign country and/or the contract contains a significant supply risk associated with the long-term sale of commodities.

Clients:

Canadian exporters doing business through CCC.

Contract:

Legally binding agreement between the Corporation and Canadian exporters or foreign buyers, with respect to the supply of a product and/or service.

Contract amendment:

Variation to the original signed contract.

Contract billings:

The total amount the Corporation invoiced to foreign customers for the delivery of products and services.

Contract performance guarantee:

An assurance provided to the foreign buyer that CCC, as an agency of the Government of Canada, will perform the contract in accordance with its terms and conditions.

Contract risk:

Possibility that a party to the contract may not meet the terms and conditions of the contract.

Cost recovery:

Direct costs, such as travel expense and direct labour costs, recovered by the Corporation on a number of contracts.

Credit risk:

Possibility of a contract party failing to meet its financial/payment commitments.

Customers:

Foreign buyers doing business through CCC.

Defence Production Sharing Arrangement (DPSA):

Agreement signed in 1956 between Canada and the United States to allow Canadian industry to compete with U.S. firms for defence contracts on a commercial basis.

Directly facilitated exports:

The value of effective contracts and amendments signed by CCC through its Prime Contractor and Progress Payment Program services. It is different from Business volume as it excludes contracts with suppliers outside of Canada.

Fee-for-service:

Direct and indirect costs including risk premium and appropriate service fees charged to Canadian exporters or foreign buyers using CCC services.

Gain/Loss on foreign exchange translation:

Gain/loss resulting from the movement in the exchange rate, which affects the Canadian value of the Corporation's foreign exchange holdings.

Indirectly facilitated exports:

The value of export contracts and amendments signed by Canadian companies whereby CCC's unbundled services, SourceCAN, and the DPSA project management service were accessed in order to win the contract or amendment.

Pre-shipment financing:

Financing required to cover direct costs incurred on a project at a stage before the exporter has generated a receivable.

Prime contractor:

CCC signs the international contract with the customer, guaranteeing that its terms and conditions will be met, and then issues a domestic contract to the Canadian supplier for the execution of the work.

Procurement agent:

CCC sources Canadian supply for international customers from Canadian companies.

Progress payments:

Payments from foreign customers to Canadian exporters on contracts where the partial recoupment of costs associated with the work performed on a contract leading up to delivery is allowed.

Risk management framework:

CCC's Risk Management Framework combines the Board of Directors' directive on annual allowable losses and management's policies and practices related to operational risk mitigation.

Receivables discounting service:

Receivables Discounting Service provides to Canadian companies having contracts with CCC, access to immediate payments for their invoices at a reasonable financing rate. This allows these companies to meet their financial obligations without increasing their debt.

Small- and medium-sized enterprises (SMEs):

Canadian entities with annual sales of less than \$25 million.

Unbundled services:

The International Prime Contractor service has been broken apart to allow Canadian exporters to build a customized service package that meets their needs.



Picture front cover:

Sue Elgar, Risk and Financial Services

Recipient of 2003-2004 Outstanding Corporate Achievement Award



From left to right, Top row: **Margaret Rioux**, Information Services; **Philippe Bois**, Structured Programs and Trade Financing; **Christine O'Connor**, Information Services;

Alex Papadakis, Market Opportunities Development

Second row: **James Kelly**, Team America; **Maria Pacheco**, Global Aerospace and Defence; **Francine Villeneuve**, Corporate Services; **Denis Carrière**, Risk and Financial Services

Third row: **Sue Elgar**, Risk and Financial Services; **Nick Karadimitriou**, Risk and Financial Services; **Terry Scott**, Market Opportunities Development; **William Hanes**, Risk and Financial Services

Fourth row: **Julie Pariseau**, Communications and Stakeholder Relations; **Daniel Barona**, Structured Programs and Trade Financing; **Annie Després**, Team America

Bottom row: **Pierre Senécal**, Structured Programs and Trade Financing; **Victoria MacKenzie**, Global Aerospace and Defence; **Majeed Mandayappurath**, Team America;

Marie-Josée Guy, Structured Programs and Trade Financing

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Canadian Commercial Corporation
Corporation Commerciale Canadienne

Managing risk

ANNUAL
REPORT

0405

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Glossary of terms

TAKING THE RIGHT PATH



Highlights

\$1.522 billion

Value of new export orders received

81%

Percentage of clients who are SMEs

3,575

Number of Canadian companies using CCC services

202

Number of exporters contracting through CCC

\$1.116 billion

Contracts signed in the U.S.

\$406 million

Contracts signed in 24 other countries

\$16.4 million

Parliamentary appropriations

\$9.6 million

Net revenues including fees for service

\$1.174 billion

Commercial trading transactions*

* Includes billings from current and previous years' export orders received.

Who We Are

At the Canadian Commercial Corporation (CCC), we are proud of the role we play in helping Canadian exporters enhance their presence in markets around the world. Our contracting expertise and services help Canadian entrepreneurs win export sales.

The *Canadian Commercial Corporation Act* provides CCC with a legislative mandate to support the development of trade between Canada and other nations. It's a mandate that we pursue energetically, innovatively and collaboratively - working closely with many other federal institutions and provinces as well as private-sector stakeholders to support and advance Canada's exporting businesses.

We help Canadian businesses access international procurement opportunities. We facilitate trade with buyers in other countries - primarily in public sector markets. Our primary business is to act as prime contractor, structuring deals, signing and managing contracts with foreign buyers for goods and services from Canadian companies. In this role, we enhance trust and transparency in export transactions.

A federal Crown corporation reporting to Parliament through the Minister of International Trade, and operating on commercial principles, we promote exports of Canadian innovation by understanding the complex environment in which our clients do business and by providing business solutions to help exporters take advantage of the opportunities that occur. Small- and medium-sized firms make up over 80 percent of our clients. To capture CCC's value proposition to Canadian exporters and their customers abroad, we developed the following Mission Statement:

"To serve as an effective Canadian trade instrument, bringing buyers and sellers together, and closing successful export contracts on the best possible terms and conditions."

Headquartered in Ottawa, CCC has liaison officers in major centres across Canada.



Services



CCC offers services to help Canadian exporters identify and pursue solid, qualified leads. From building a solid offer to strengthening negotiations with the full weight of the Government of Canada at the table, CCC works actively with Canadian companies to secure the best possible terms and conditions for deals.

CCC's **International Prime Contractor Solution** offers exporters more than just contracting expertise – CCC also brings the weight of the Government of Canada to the table to support an export deal with government-to-government arrangements and our government guarantee of contract performance. CCC's involvement in a deal can also result in more favourable contract terms, including a reduction or waiver of bid and performance bonds, and payment guarantees. Exporters can also create a customized package of advisory services to meet their specific needs, whether it is proposal development, contract structuring and negotiation, or contract management.

For Canadian exporters wanting to access the **U.S. aerospace and defence markets**, CCC offers specialized contracting services for exporters selling to the U.S. Department of Defense and National Aeronautics and Space Administration (NASA). Under the Defence Production Sharing Arrangement (DPSA), the procurement regulations of the U.S. Department of Defense require all defence-related purchases from Canada over US\$100,000 to be undertaken through CCC. We also help exporters pursue U.S. federal government business through the **GSA Schedules Program**. Being a GSA Schedule contractor allows a Canadian business to compete on an equal footing with American companies.

When it comes to identifying solid business leads, exporters can turn to **SourceCAN**, which provides clients free online services such as customized opportunity matching, a virtual trade show and much more. CCC matches thousands of global business opportunities to Canadian companies and their products and services, and electronically delivers these business leads daily to SourceCAN registrants.

In the role of **Procurement Agent**, CCC helps foreign buyers access high-quality Canadian goods and services by undertaking the contracting process and managing the purchasing cycle.





"The Board is ensuring that the required control mechanisms are in place to keep the Corporation on a secure footing as it moves more and more into the commercial marketplace."

Chairperson's message

2004-2005 was another strong year for CCC as clearly demonstrated by the volume of business that was undertaken in support of the Canadian export community. It was also a notable year for the action taken to build upon existing corporate governance practices to ensure that risks inherent in international contracting are managed responsibly as CCC supports the entrepreneurial spirit of Canadian exporters.

For its part, the Board of Directors is mindful of the need to have diverse and relevant experience among its members and to have recognized mechanisms and processes in place to support its functioning. During the year, the Board commissioned an independent review of its governance practices to confirm that its oversight responsibility was current and that its members properly understood it. This review also demonstrated and benchmarked the Board's effectiveness against best practices. As a result of this review, the Board moved towards the establishment of a Governance Committee as well as the adoption of a process to evaluate the Board's performance and that of the individual Board members.

During the year, the Nominating Committee of the Board established a nomination process in accordance with the new Treasury Board guidelines for Crown corporations and made a recommendation to the Minister of International Trade that led to the selection of Mr. John McBride as the Corporation's new President. The Board is strongly supportive of this new process as it gives its members more accountability in overseeing the affairs of the Corporation.

As part of its oversight responsibility, the Board is ensuring that the required control mechanisms are in place to keep the Corporation on a secure footing as it moves more and more into the commercial marketplace. A comprehensive review has been initiated to ensure that the Corporation's risk management regime is kept current with the expanding commercial initiatives that the Corporation is undertaking. The Board has also put into place a Commercial Initiatives Committee, which, on behalf of the Board, receives all major project proposals that management brings forward for Board approval. This committee works with management to ensure that proper due diligence has been undertaken on each proposal and that all aspects of the proposed project have been properly scrutinized.

On behalf of the Board, I want to thank Hugh O'Donnell for his stewardship as interim President this past year, and in helping CCC achieve such significant results. I also wish to acknowledge the services of outgoing members, Louis-Marie Beaulieu, David Fransen, Amélia Salehabadi and Grant Mitchell whose counsel and advice added enormous value to discussions and the decision making of the Board.

Finally, I offer my compliments to all CCC employees whose expertise and hard work continue to help Canada's exporters win business around the world.

Alan R. Curleigh

“CCC operates at the intersection between international procurement and international trade. It assists foreign governments buying in Canada and it helps Canadian suppliers sell to foreign governments.”



President’s message

I am honoured to have been appointed as the President of the Canadian Commercial Corporation. For nearly 60 years, CCC has been a successful instrument for achieving Canada’s international policy objectives. I am excited by the opportunity to contribute to this long tradition of success.

CCC operates at the intersection between international procurement and international trade. It assists foreign governments buying in Canada and it helps Canadian suppliers sell to foreign governments. In doing so, CCC contributes to all of the objectives of the Government’s International Policy Agenda – Commerce, Diplomacy, Defence and Development.

The business of international trade and procurement is complicated by a multitude of players. To be successful, CCC must be focused and work effectively with partners. The Corporation has particular expertise in the defence market. It has a privileged relationship with the U.S. Department of Defense that provides Canadian companies with access to one of the largest single purchasers of goods and services in the world. CCC leverages this experience to help Canadian suppliers sell to other defence markets around the world.

CCC has also demonstrated its ability in non-defence markets. The Corporation is active in markets where a government-to-government relationship is key to confidence and access. It also works with the Canadian International Development Agency (CIDA) in select cases to help deliver the Government’s development agenda. The key will be continuing to identify areas where CCC can add value to clients and the Government’s international agenda.

CCC is most effective when it partners with others. As a niche player in specialized markets, it needs to capitalize on networks and resources to realize its potential. Within its own portfolio, the Corporation needs to continue to build its relationship with the Department of International Trade and Export Development Canada to ensure that the Canadian exporter community is well served.

In the short time that I have been part of CCC, I have been impressed by the dedication and skills of CCC staff. I would like to take this opportunity to recognize all of their work over the last year.

A stylized, handwritten signature in black ink, appearing to read 'J McBride'.

John McBride

Corporate Performance Against Objectives

CCC establishes performance objectives to measure its progress in implementing key strategies in its five-year Corporate Plan.

The performance measures and targets, both operational and financial, are designed to help management and staff, the Board of Directors and government officials with oversight responsibilities, monitor and track the performance of the Corporation relative to the strategic directions laid out in the Corporate Plan.

In the 2004-2005 Corporate Plan, CCC's three strategic directions were to:

- Achieve a growing diversified export portfolio
- Sharpen the Corporation's commercial focus
- Enhance the corporate profile and improve awareness

CCC categorized its performance measures as either primary or secondary in nature. Primary performance measures are linked to the Corporation's parliamentary mandate and government direction. Their importance is measured by an annual comparison of targeted versus actual results. Secondary performance measures show how successful internal service units are at meeting the primary objectives. The distinction between the two categories also lies in their evaluation, as secondary measures are often viewed as evolutionary in nature, reflecting goals designed to be achieved over a number of years.

Primary performance objectives

Objective 1: Grow a diversified export contract portfolio

Growing the portfolio: CCC uses two indices to measure the growth of the Corporation's export contract portfolio – value of new export orders received and value of indirect new export orders received. Value of new export orders received tracks the increase in the value of new contracts signed each year. Value of indirect new export orders received tracks the increase in the value of contracts signed by CCC clients when CCC is not the prime contractor on the deal.

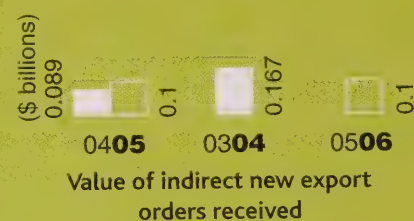
2004-2005 was a mixed year for CCC in reaching its performance objectives for its two indicators of growth. While the key measure of value of new export orders received exceeded the target for the year, the value of indirect new orders received did not reach projected performance.

Diversifying the portfolio: CCC measures its success in diversifying its contract portfolio beyond its core business of aerospace and defence in the U.S. market.

2004-2005 closed showing progress in sector diversification, however, less than anticipated headway was made in market diversification as a result of the level of sales outside of the U.S. Sales to the U.S. were positive during the year resulting from the continued demand for defence-related products. Significant unexpected business as a procurement agent for the Canadian International Development Agency meant the target for non-aerospace and defence business was surpassed substantially.

Growing a Diversified Export Contract Portfolio

Performance measure ■ Actual ■ Target



Objective 2: Sharpen the commercial focus

CCC uses three indices to measure its success in sharpening its commercial focus.

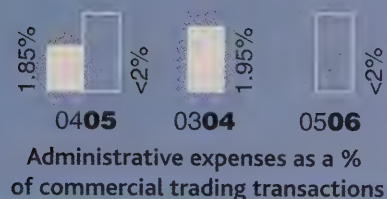
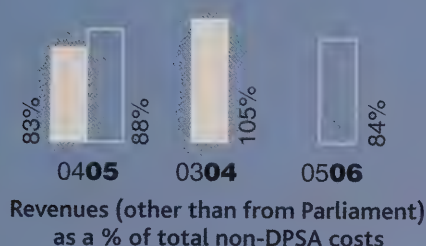
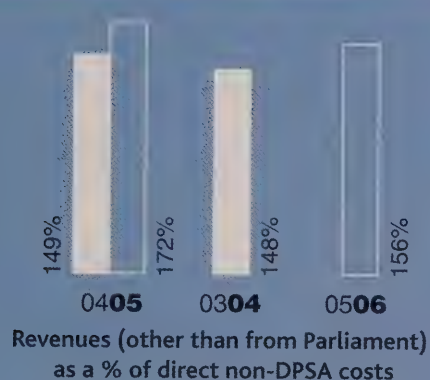
Revenues as a percentage of direct non-DPSA costs: This index measures the degree that net revenues (composed primarily of fees for service, receivable discounting fees and interest revenue) cover direct expenses (that include primarily direct labour and travel costs, additional contract costs and services provided by Public Works and Government Services Canada (PWGSC)) related to the Corporation's non-DPSA business lines. The ratio should be at least 100 percent, indicating that revenues at a minimum cover direct expenses with any excess contributing to cover indirect and overhead costs.

2004-2005 results were lower than anticipated on this index. While revenue results were on target for the year, the level of additional contract costs for non-DPSA contracts was higher than anticipated for the year.

Revenues as a percentage of total non-DPSA costs: This index matches revenues to the related costs of supporting these services, including indirect costs and overheads. Such costs are generally assigned to either the DPSA or non-DPSA business lines based on the relative volume of business activity of each business line.

Sharpening the Commercial Focus

Performance measure ■ Actual ■ Target



In the last two financial years, this forecast measure was exceeded with results of more than 100 percent, with the 2004-2005 results showing the sensitivity of the index to changes in overhead. This year's performance was also affected by a significant increase to the additional contract cost provision.

Administrative expenses as a percentage of commercial trading transactions: This index provides a view of the Corporation's spending trends for operating expenses, and is designed to reflect the Corporation's need to see growth in operating expenditures aligned with overall growth in total revenues. It compares total administrative expenditures to commercial trading transactions that include contract billings (value of work delivered or in process during the year on signed contracts), fees-for-service revenues, receivable discounting revenues and other miscellaneous revenue (not including interest revenue or any resulting gain on foreign exchange).

2004-2005 showed an encouraging downward trend in this performance measure with CCC surpassing the target by a comfortable margin. It reflects a responsible relationship between the Corporation's solid growth in commercial trading transactions and management of its related growth in administration expenses.

Objective 3: Enhance the corporate profile and increase awareness

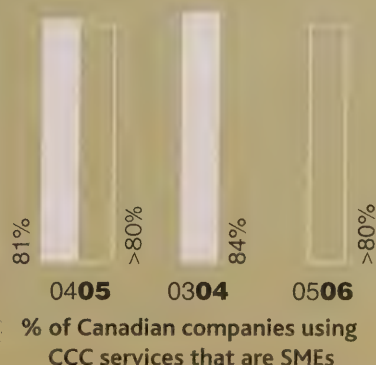
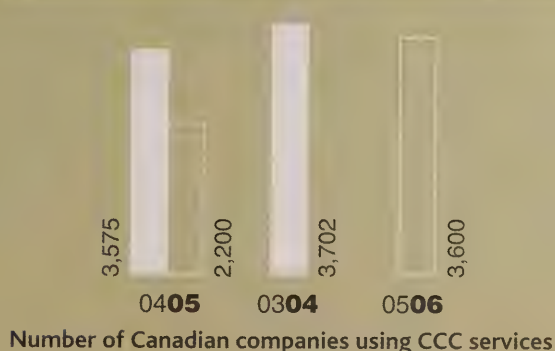
CCC's performance objectives in this area are related to two key indicators – the number of companies using CCC services, and the proportion of those clients who are small- and medium-sized enterprises (SMEs). Data used to derive these measures is collected from two sources – CCC's internal business applications and SourceCAN, a Web-based service offering managed in collaboration with Industry Canada.

Number of companies using CCC services: The growth in the number of customers using CCC services is a measure of the value of its offerings to prospective clients. The number of companies accessing CCC services increased dramatically in 2003-2004. Projections for 2004-2005 anticipated a normalized rate of usage of SourceCAN for number of clients served. 2004-2005 actual performance surpassed the normalized target by a significant margin of 63 percent.

Percentage of companies using CCC services that are SMEs: In 2004-2005, the target was achieved, however, year-over-year results showed a decrease due, in part, to CCC's decision in September 2004 to stop accepting new applications for its Progress Payment Program offering.

Enhancing Corporate Profile & Increasing Awareness

Performance measure ■ Actual ■ Target



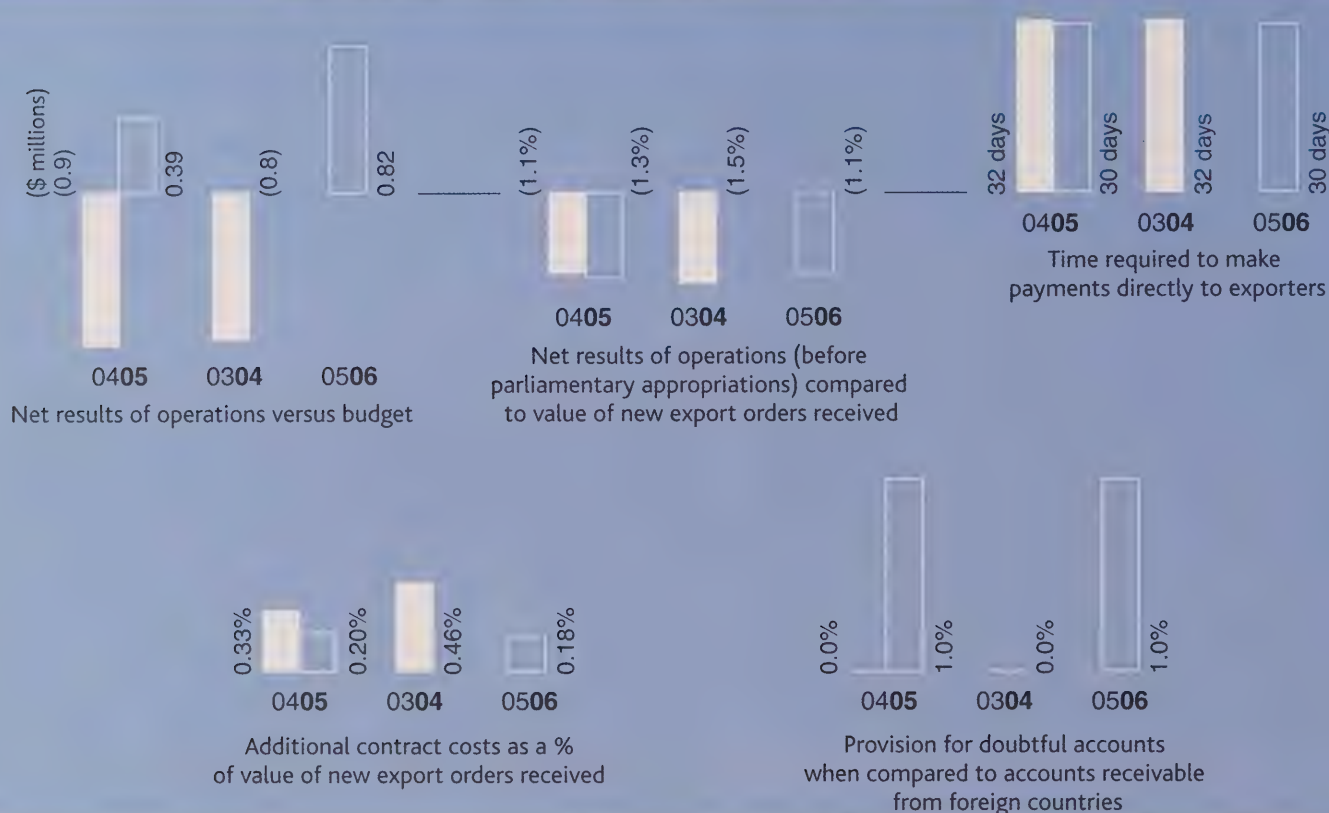
Secondary performance objectives

Secondary performance indicators reflect measurement objectives that are likely to take several years to be fulfilled. Performance measures deemed to be secondary in nature include:

- Improve internal and external service delivery capacity in the areas of human resources and informatics
- Maintain or improve upon key financial and related operations performance indicators
- Ensure that targeted communications activities are met or exceeded and long-term awareness targets remain on-track

Finance Selected Secondary Financial Performance Measures

Performance measure ■ Actual ■ Target



Five-year Historical Review of Key Indicators

Indicator	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001
New orders received	\$1,523B	\$1,144B	\$0,952B	\$1,214B	\$1,336B
Revenues from non-parliamentary sources	\$9,917M	\$11,022M	\$9,458M	\$7,911M	\$7,798M
Revenues (before appropriations) as a percentage of total non-QPSA costs	30%	106%	104%	N/A	N/A
Net results of operations	(\$0.9M)	(\$0.8M)	\$0.1M	\$2.5M	\$1.6M
Additional contract costs as a percentage of directly facilitated exports*	0.33%	0.46%	0.21%	0.02%	0.2%
Provision for doubtful accounts when compared to accounts receivable from foreign countries	0.0%	0.0%	0.0%	0.0%	0.0%
Number of Canadian companies using CCC services	3,575	3,702	1,971	1,954	1,795
Percentage of clients who are SMEs	81%	84%	82%	N/A	53%

* Figures rounded used for previous years' calculations



Courtesy of the Canadian Department of National Defence

Management's Discussion and Analysis

Operations

Aerospace and defence

The United States is by far Canada's most important trading partner, with almost 85 percent of Canadian exports flowing to the U.S. The U.S. Department of Defense (U.S. DoD) and the National Aeronautics and Space Administration (NASA) are two key customers for Canadian exporters, purchasing, in part, goods and services under the Canada-U.S. Defence Production Sharing Arrangement.

In 2004-2005, CCC signed contracts totaling \$763 million with the U.S. DoD and NASA. There continues to be strong demand for defence-related products. Canadian suppliers were also the source of renewed interest from NASA for repair work on the Hubble space telescope.

The purchase of two aircraft to be used in surveillance by the Department of Homeland Security (DHS) is a positive sign. CCC continued to meet with DHS to build a more significant role in its procurement process and explore future procurement opportunities in information, communication and security products and services.

In global aerospace, CCC signed a major contract in Germany with a Canadian firm providing satellite imagery capability that can be used for map making and crop monitoring applications.

We also pursued the sale of helicopters and Light Armoured Vehicles (LAVs) to Thailand.

IDENTIFYING the potential risks requires a holistic and ongoing effort

To ensure exporters can meet all contractual obligations and eliminate undue export transactional risk, CCC performs pre-contract due diligence. CCC will not sign any foreign contract until risks identified at this pre-contract stage are mitigated. The certification process includes formally documenting CCC's due diligence and conditions for moving forward.

CCC's team-based approach to pre-contract due diligence ensures the appropriate mix of skills for reviewing a supplier's financial, managerial and technical capability along with all other areas of concern. CCC relies on consultants and subject matter experts at Public Works and Government Services Canada when additional expertise is needed. Regardless of the size of a project, a CCC team ensures all risks are identified and mitigated at the outset.



RISK

Engineering procurement and construction projects (EPC)

In 2004-2005, CCC completed its due diligence for the Quito airport project in Ecuador and proceeded to obtain approval from the Board of Directors and Ministers of International Trade and Finance. The contract is expected to be signed by mid 2005. The project is representative of infrastructure opportunities increasingly being undertaken by governments worldwide.

CCC established a team with infrastructure project management experience to manage the Quito project and develop business principally in the areas of transportation, hydroelectric and water project development. Canadian companies are particularly strong on the service side of these industries and are capable of taking leading roles in large project development. During the year, CCC also brought together a consortium of Canadian companies and continues to pursue an opportunity with the Louisiana Airport Authority to construct an air cargo facility. The EPC team also signed contracts, on behalf of Canadian companies, for feasibility studies for EPC projects in various countries.

International commercial business and structured finance

An important market focus for CCC in 2004-2005 was CCC's role as procurement agent for a foreign government or a Canadian government organization. Much of the work done was in concert with efforts initiated by the Canadian International Development Agency (CIDA).



CCC's procurement expertise was put to work supporting the Government of Canada's humanitarian efforts in the Darfur region of Sudan, and delivering the Canadian contribution to the *Sommet de la Francophonie* in Burkina Faso. CCC will play a similar role for the 2005 Francophonie Games in Niger in the coming year. At the request of CIDA and the Zambian Ministry of Health, CCC continues to provide a transparent purchasing and distribution process for health and pharmaceutical products.

CCC plans to work more closely with CIDA and other government departments in 2005-2006 to build this area of business, and therefore increase its value in promoting Canadian businesses abroad.

In 2004-2005, CCC followed through on its relationship with the U.S. General Services Administration (GSA), in organizing a procurement conference. In doing so, CCC began the process of reaching out to the Inter-American Development Bank and the Organization of American States, and linking directly to the countries outside the NAFTA agreement for government procurement opportunities. The GSA Program supports Canadian exporters, many being small- and medium-sized enterprises (SMEs), wishing to make sales to the GSA, the U.S. government procurement agency, for non-defence related acquisitions.

The Caribbean region remains a focus for CCC's business development efforts, with new contracts signed in the Dominican Republic, and for cancer care hospital design, technology and training in Trinidad and Tobago.



Building strategic alliances

An important way for CCC to assist Canada's exporters is to partner with other federal and provincial government agencies and departments, and to forge relationships with the Canadian business community.

In 2004-2005, CCC solidified existing alliances and established new ones with specific sector associations including Canadian Manufacturers and Exporters, Aerospace Industries Association of Canada, Canadian Defence Industries Association, and others. They have been important elements of CCC's marketing and business development strategies aimed at raising awareness and understanding, and identifying and qualifying new projects.

To help increase awareness of CCC and provide new platforms for early business leads, CCC is actively involved in two shared service initiatives: SourceCAN and the Virtual Trade Commissioner.

SourceCAN is an electronic marketplace launched in partnership with Industry Canada in 2000. It brings buyers and sellers together by filtering and matching real opportunities from around the world with Canadian company capabilities. SourceCAN saw another year of continued growth in 2004-2005. More than 58,000 registered users had access to 550,000 opportunities extracted from over 40 electronic business opportunity feeds. This resulted in 8.5 million SourceCAN bid matches that were delivered to Canadian companies, many of which are SMEs. One electronic feed alone resulted in over \$784 million in awards to Canadian companies, 95 percent of which were primed by CCC.

Business Performance at a Glance

The following table shows actual results against targets (millions of dollars)

	2004-2005 Actual	2004-2005 Target	2003-2004 Actual	2003-2004 Target
Aerospace and Defence				
DP5A	\$763	\$625	\$800	\$800
Major defence projects (including LAV)	\$343	\$200	\$112	\$64
Global aerospace and defence	\$294	\$145	\$48	\$128
International Commercial Business				
Sawline	\$106	\$95	\$118	\$80
Progress Payment Program	\$5	\$55	\$7	\$75
ICB major projects	\$11	\$135	\$56	\$115
New orders received	\$1,522	\$1,255	\$1,144	\$1,058

ASSESSING the probability and impact of risk

CCC's IT group is in the process of building a Business Continuity Plan to deal with the unexpected circumstances that can interrupt day-to-day business without warning. CCC's business units have come together to identify which documents, systems and processes are the most important and how long they could function without these important tools, while indicating the impact of their absence on service delivery levels.

At the same time, the IT group is taking steps to upgrade hardware for all critical systems to reduce the risk of downtime in the event of a disaster. CCC is determined to assess all risks and be as prepared as possible for the unexpected.



RISK

PLANNING a response based on where the business is headed, not solely on where it is today

Risk management has to evolve to match changing business needs. For example, CCC has focused on Engineering, Procurement and Construction (EPC) projects, which are integrated, complex and typically multi-million dollar projects that may be of strategic importance to the host country. CCC developed a due diligence process for the Quito airport project that could be used for future EPC business.

CCC has also established an expert team with major infrastructure project management experience to manage the projects as they develop.



RISK

In a continuing effort to improve SourceCAN, administrative agreements were renewed to put added emphasis on governance and strengthen the relationship among the parties. SourceCAN commissioned a performance and impact assessment, which will be followed by a client survey in the coming year.

CCC and its project partners in SourceCAN were selected to receive the Public Service Award for "Excellence in Citizen-focused Service Delivery" for achieving results for Canadians that reflect the current values, ethics and priorities of the Public Service of Canada.

CCC also entered into a partnership with International Trade Canada's (ITCan) "Virtual Trade Commissioner" service (VTC). This electronic portal brings ITCan and its partners, which include Export Development Canada, Canadian Heritage and Agriculture and Agri-Food Canada, closer to Canadian global traders and their preferred markets.

Corporate social responsibility

As a Crown corporation of the Government of Canada, CCC is committed to upholding and promoting Canada's position toward corporate social responsibility.

In 2004-2005, CCC made progress in implementing its plan to address environmental, social and ethical responsibility matters as they relate to the Corporation's operations, public policy mandate, Canada's international commitments and the capabilities of its employees. Specific areas of focus have included conflict of interest, code of conduct and bribery and corruption, and corporate values.

Protecting the environment

Environmental impacts and associated risks are taken into account when CCC evaluates potential export projects. In 2004-2005, as

"CCC strives to meet financial targets that may be adjusted by the Government from time to time, and to manage its ongoing risks and financial responsibilities in a prudent manner that recognizes the wishes of the Government of Canada."

part of a program involving 40 other Crown corporations, CCC undertook negotiations with the Canadian Environmental Assessment Agency to establish specific regulations under the *Canadian Environmental Assessment Act* for overseas construction projects. Discussions with the Agency focused on evaluating the suitability of the *Projects Outside Canada* regulation currently used by a number of government departments. An important consideration has been to determine how CCC can harmonize the environmental standards required by export credit agencies, other investment institutions and foreign governments involved in many of these projects and ensure that they are conducted in a consistent, environmentally responsible manner. The parties have also been seeking to find an environmental assessment reporting arrangement that best reflects the complicated timing of CCC's involvement in such projects. CCC expects to complete this process in the coming year.

MITIGATING risk with an appropriate and cost-effective response, while remaining consistent with corporate objectives and priorities

In the complex world of international trade, one way in which CCC mitigates risk is through efforts to identify risk-sharing partners, whether it is other Crown corporations, private sector insurers or financial institutions. The sharing of risk allows CCC to pursue its objectives with minimal risk exposure, and to leverage its capital base to increase its business.



Internal capacity

Continuous learning is one of CCC's corporate values and is supported by a commitment to build transferable skills that support a broad commercial agenda. Many of our employees have specialized education and training in international contracting, finance, risk management, negotiation, sales and market development. CCC has adopted a "5 + 5" approach towards employee development initiatives, investing five percent of its payroll expenditures in career development initiatives, and providing an average of five days training per person per year, which was exceeded. The Corporation has focused particular efforts on supporting employees who are pursuing post secondary education and professional designations. In the last year, four employees earned their accreditation as a Certified International Trade Professional (CITP) and several others continued their studies towards a Project Management Professional (PMP) designation.

The CCC workforce is well balanced in terms of age, experience and gender, and the Corporation's bilingual capacity allows it to effectively provide services to exporters from all regions of Canada. A formal succession-planning framework for the management cadre was developed and approved by the Board of Directors.

CCC undertook a number of changes in the area of information technology in 2004-2005. In support of the Corporation's business objectives, hardware, software, voice and data communications, security, and business resumption planning were all realigned. During the year, the Communications and IT groups collaborated to deliver a new public Web site and an internal employee portal by leveraging CCC's in-house Oracle e-Business Suite platform.

Corporate governance

In 2004-2005, the Board of Directors of CCC continued to provide guidance to the Corporation, instituting a number of actions to

further strengthen its corporate governance practices and processes in order to ensure the appropriate oversights are being provided to the Corporation and its management.

The governance structure in place helps CCC fulfill its mandate and achieve the proper balance between its public policy and commercial objectives while at the same time achieving a consistently high standard of accountability. The Corporation's governance structure is consistent with the Treasury Board guidelines found in *Corporate Governance Guidelines in Crown Corporations and Other Public Enterprises*, and the *Guidelines for Audit Committees in Crown Corporations and Other Public Enterprises*.

Building integrity

At the same time, the Board recognizes that regular self-examination must be undertaken in order to improve its overall governance regime. It has implemented changes to address the need for additional training of members and for evaluations of individual directors and the Board as a whole.

CCC assessed its governance structures against the measures and findings of two reports on Crown corporation governance issued during the year by the Auditor General of Canada and the Treasury Board Secretariat. The Corporation has already implemented a number of the measures being recommended. CCC also researched best governance practices, comparing them against the recommendations in the two reports and identified areas to be addressed, including Board member education and improving communications with stakeholders.

The Audit Committee undertook a review and revision of its mandate, developing a Charter, Terms of Reference and a work plan based on best practices of Crown corporations. These changes also took into account leading corporate governance practices, including the U.S. Sarbanes-Oxley legislation, and the governance requirements and practices of the Ontario Securities Commission.

"Our Directors contribute unique professional experiences that help us respond to the complex issues of selling in the international marketplace. Each has a firm understanding of our business and can effectively challenge management on any issue or plan."

Board renewal

The Board approved CCC's 2004-2008 Corporate Plan, which reflected a strategy to more fully meet the commercial challenges and opportunities of the international procurement marketplace in a responsible and transparent manner. Board renewal was identified as a major area of focus, and to enhance its functioning, the Board undertook the development of a Composition Strategy and Director Profiles to provide guidance in selecting the best candidates to fill any competency gaps as vacancies on the Board arise. The establishment of a permanent Nominating Committee took place and its first mandate was to oversee the selection process and make recommendations to the Board for the Corporation's new President.

The Nominating Committee also reviewed and recommended to the Board the appointment of two new directors. The recruitment process that has been adopted is consistent with the appointment process announced by the Government in March 2004.

Board remuneration

Directors are paid an annual retainer and per diem. Amounts are set by the Governor-in-Council pursuant to the *Financial Administration Act*:

- The Chair of the Board receives an annual retainer of \$9,400 and a per diem of \$375
- Other private sector directors receive an annual retainer of \$4,700 and a per diem of \$375
- Committee Chairs receive an additional retainer of \$1,500
- Public service directors do not receive remuneration

The per diem is paid for attending meetings, travel and review of materials. Directors are also reimbursed for all reasonable out-of-pocket expenses, including travel, accommodations and meals.

"The Board of Directors sets the strategic direction of the Corporation and is responsible for ensuring the mandate is fulfilled in the best possible manner."

MONITORING AND COMMUNICATING

the effectiveness of risk management facilitates feedback and improvement

CCC monitors risk at the export transactional, operational and strategic levels. The Post Contract Management (PCM) manual is used to monitor credit and exporter performance risk. CCC completed the implementation of its PCM process in 2004-2005, including the introduction of the PCM manual that establishes the procedures for contract management monitoring. The manual, a requirement for all working on PCM activities, shows staff how to improve risk management and the cost effectiveness of PCM practices. CCC emphasizes that the PCM methodology and concepts are a core requirement of any project/contract management activity. CCC emphasizes that the PCM methodology and concepts are a core requirement of any project/contract management activity.



Finance

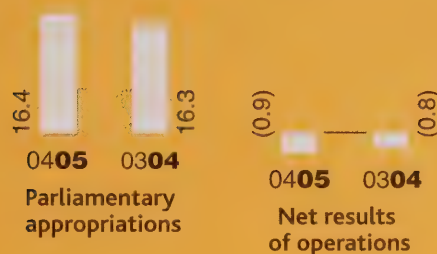
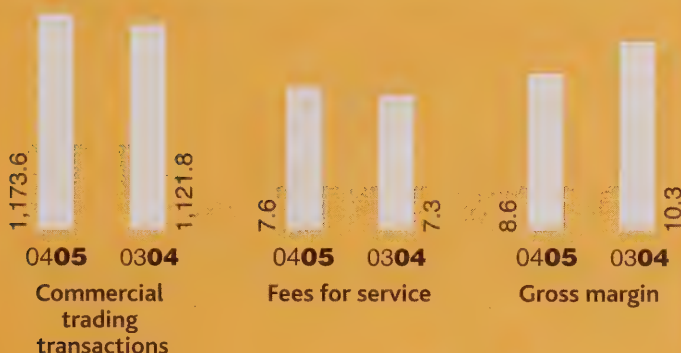
Financial highlights

The 2004-2005 fiscal year ended with a loss as a result of higher than expected additional contract costs related to a small number of SME facilitated contracts. The Corporation posted record level fees for services, improving on last year's total by over \$0.3 million. This result further points to exporters' generally positive response to the Corporation's implementation of its fees-for-service policy and reflects the value placed by exporters on CCC's services and expertise in developing successful projects.

A more detailed discussion of the Corporation's 2004-2005 financial highlights follows.

Income Statement Discussion

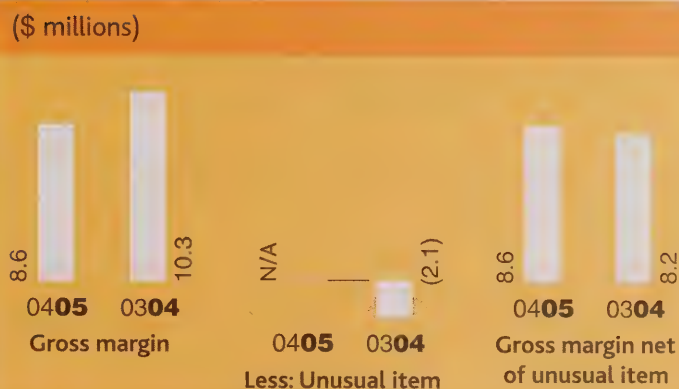
Summary results of operations
(\$ millions)



Fees for service are part of commercial trading transactions and form the main component of gross margin and net revenues.

Commercial trading transactions include the Corporation's billings from outstanding signed contracts, fees for service and income generated from discounting exporters' receivables. The value of these transactions was slightly higher this year than last, despite the effects of a higher valued Canadian dollar that discounted project values and returns that had been contracted in U.S. dollars. The increase resulted from the commencement of work related to two consecutive years of record-breaking orders received.

The Corporation's gross margin decreased by \$1.7 million over the previous year. However, this is the result of the inclusion in 2003-2004 of an unusual item of \$2.1 million related to the reversal of a long-standing liability. A full comparison is provided below.



Net revenues, comprised of the total of gross margin, net interest income, and gain (loss) on foreign exchange, decreased by \$0.8 million compared to last year due primarily to the lower gross margin results discussed earlier. However, the increase in the value of the Canadian dollar against the U.S. dollar resulted in a foreign exchange loss of \$0.2 million in 2004-2005, when the Corporation's U.S. assets were converted to Canadian dollar equivalents. This compares favourably to last year's foreign exchange loss of \$1.6 million. As a result of a new treasury management framework implemented in 2003-2004, foreign exchange translation losses were significantly lower in 2004-2005 than in 2003-2004, even though both years saw the Canadian dollar appreciate significantly.

Total expenses decreased by \$0.6 million year-over-year, with administrative expenses \$0.2 million lower than last year and additional contract and related costs decreasing by \$0.4 million. Some of the major items comprising the administrative expenditures were:

- The Corporation's workforce consisting largely of highly skilled full-time employees, complemented by consultants and temporary hires to fill assignments requiring specific expertise, cost \$10.0 million, effectively the same as last year
- Public Works and Government Services Canada (PWGSC) fees for service amount to \$5.2 million annually on the core activities under the Defence Production Sharing Arrangement (DPSA). Over and above this amount, \$0.6 million was paid for PWGSC involvement on special projects (outside core services)
- Rent for the premises amounted to almost \$1.0 million, slightly higher than the amount expended in 2003-2004
- Travel, principally for operations requirements to secure or manage over \$1.0 billion in international contracts, amounted to \$1.0 million, materially unchanged from the amount spent in 2003-2004

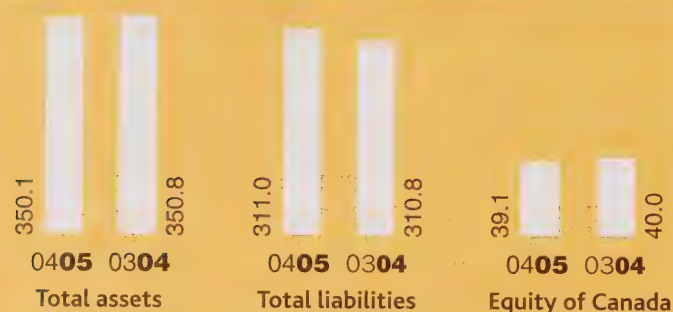
- Computer hardware, software and support costs (not including full-time employees that are included in workforce discussed previously) were \$1.1 million, some \$0.3 million lower than the amount expensed last year
- Marketing and promotion costs amounted to \$0.9 million, the same level as the previous year
- The amortization of capitalized assets associated with the Corporation's overhaul of its computer system, totaled \$0.7 million, the same amount as in 2003-2004

The Corporation closely monitors its administrative expenditures. Overall, administrative expenditures were slightly lower in 2004-2005 than in the previous year. The Corporation uses the ratio of administrative expenditures to commercial trading transactions to measure its administrative expenditure efficiency, with an objective not to exceed 2 percent. The 2004-2005 ratio of 1.85 percent was not only below the 2 percent threshold, but also lower than the 2003-2004 result of 1.95 percent.

In 2004-2005, at \$16.4 million, the Corporation received approximately the same amount of appropriations from Parliament as in the previous year.

Balance Sheet Discussion

Summary financial position
(\$ millions)



Total assets at \$350.1 million at March 31, 2005 were materially unchanged from the previous fiscal year end.

As an international trade intermediary, CCC for the most part offsets its trading-related assets with matching liabilities. Accounts receivable from foreign customers and progress payments to Canadian exporters on the assets side of the balance sheet are largely offset by accounts payable and accrued liabilities to Canadian exporters, as well as by progress payments from foreign customers.

In certain circumstances, however, the Corporation does have a need for other sources of working capital to bridge timing differences between its payables and receivables. CCC's statutory power to borrow commercially up to \$90 million provides it with useful flexibility to manage such variations.

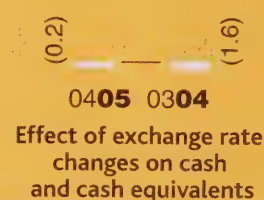
CCC's capital assets decreased on a net basis by \$617,000 in 2004-2005. This was the result of amortization of the Corporation's information system technology.

The Corporation's provision for additional contract and related costs decreased by approximately \$3.0 million. Increases to the provision of \$5.2 million related to expenses incurred during the year were more than offset by \$6.2 million in cash disbursements related to settlements of contracts not fulfilled by Canadian exporters and \$2.0 million in reductions to other assets.

The value of the equity investment of the Government of Canada in CCC remained essentially the same, at approximately \$39.1 million. The Corporation's equity backstops the normal commercial risks inherent in its contract portfolio of undelivered contracts totaling approximately \$1.4 billion at year-end. The Corporation applies comprehensive risk management practices to support this position, acknowledging that, as an agent of the Crown, all obligations of the Corporation are obligations of the Government of Canada.

Changes in Cash Flow Discussion

Summary of cash flow
Cash provided (used) by
(\$ millions)



As described in the Corporation's Cash Flow Statement, cash and short-term deposits at March 31, 2005 increased by \$6.3 million compared to the previous year. This can be identified under three key activity areas:

Operating activities

For 2004-2005, the Corporation used \$9.8 million in cash in its operating activities, as compared to the \$4.3 million provided by operating activities in 2003-2004. CCC's annual cash flow from operations is traditionally negative due to the payment policies in its DPSA business, where the Corporation pays Canadian exporters in 30 days from receipt of invoice irrespective of when it receives payment from the U.S. Government. In 2004-2005, large amounts were also disbursed over the course of the year to settle contracts not fulfilled by Canadian exporters, thereby escalating the negative result.

Investing activities

As was the case in 2003-2004, there were no significant investing activities this year.

Financing activities

Cash provided by financing activities amounted to \$16.4 million for the year ended March 31, 2005, the same amount for the previous year. This year's cash flow from financing activities represents the Corporation's parliamentary operating appropriations.

Comparison with 2004-2005 to 2008-2009 Corporate Plan

2004-2005 was a positive year for the Corporation from a revenue generation perspective. CCC exceeded its gross revenue target of \$9.1 million by \$0.9 million, as Canadian exporters confirmed the value they place on CCC's services and expertise in developing successful projects. Specifically, the Corporation surpassed its \$7.2 million fees-for-service revenue target, generating \$7.6 million in its third year of implementation, the highest level of fees-for-service revenues in CCC's business history. Net interest revenue results were greater than planned, due primarily to improved receivable collection efforts that reduced the Corporation's commercial borrowing costs.

While foreign exchange translation losses were held to a minimum by specific programs designed to control such losses, the Corporation posted a larger foreign exchange translation loss than budgeted, due to a greater than expected appreciation of the Canadian dollar versus the U.S. dollar throughout the year. The Canadian dollar strengthened as compared to its U.S. dollar counterpart from 0.7626 U.S. (1.3113 CAD) at March 31, 2004 to 0.8267 U.S. (1.2096 CAD) at March 31, 2005.

Additional contract and related costs exceeded budgeted levels (based on historical trends) by \$3.3 million. This situation arose as a result of problems related to a small number of SME facilitated contracts signed prior to 2003. However, damages could not be determined or quantified until this year. The Corporation will continue its efforts to better control its internal processes to ensure that optimal risk management and monitoring are in place for all contracts.

Looking ahead five years

CCC's Corporate Plan for 2005-2006 to 2009-2010 identifies the objectives and strategies the Corporation will pursue to fulfil its mandate of facilitating trade. CCC will continue to work towards achieving a more diversified export contract portfolio. For 2005-2006, the Corporation has developed a fees-for-service target of \$7.3 million.

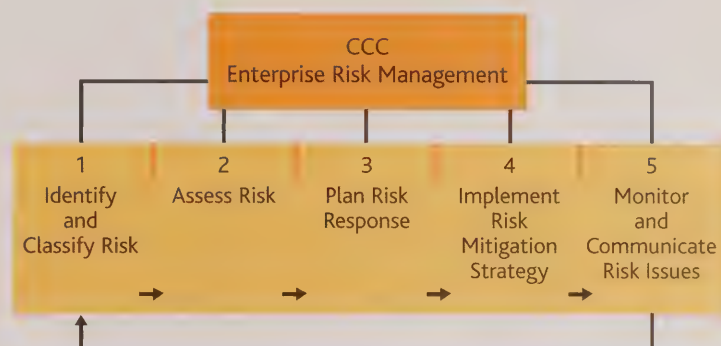
In response to a growing number of companies asking for CCC's support for more complex projects with an overseas construction component, CCC is increasing its focus in this area. A shift toward these projects will have a positive impact on the Corporation's finances because they involve extensive pre-contract work, which under the Corporation's fees-for-service policy is chargeable as the work is performed.

Net income for 2005-2006 is planned at \$0.8 million, as additional contract costs are anticipated to return to pre-2003-2004 levels as the Corporation makes significant efforts to improve on its internal risk management processes.

Risk management

Overview

CCC is subject to a wide variety of risks and uncertainties (both external and internal) in fulfilling its mandate to facilitate international trade flows. To strengthen CCC's existing risk management practices, the Corporation embarked upon the implementation of an Enterprise Risk Management (ERM) framework. ERM will strengthen the Corporation's ability to link strategic, operational and export transactional risks to the achievement of corporate objectives. The ERM framework will support consistency across the Corporation in terms of the risk analysis process.



The ERM implementation began mid-way through the fiscal year, with the majority of the deliverables due to be implemented during 2005-06.

Risk governance

The risk management function is practiced across the Corporation. The Audit Committee reports to the Board of Directors on risk management issues. Management is responsible for developing the risk management structures, policies and procedures for the Board of Directors' consideration. In developing the Corporate Plan, Management considers strategic risks to the achievement of corporate objectives. Operational risk is the responsibility of the departmental Vice-Presidents. The Vice-President, Risk and Financial Services sets the policies and procedures related to pre-contract export transactional risks. Compliance with these policies is the responsibility of the Vice-President, Operations, who also sets the post-contract risk management policies related to export transactions.

In addition to setting the export transactional risk parameters, the role of the Vice-President, Risk and Financial Services is to ensure that strategic, operational and export transactional risks are being appropriately addressed by the risk owners through the ERM initiative.

Categories of risk

Strategic risk

The Corporation regards strategic risk as those risks that could interfere with the achievement of corporate objectives. Management and the Board of Directors review these risks through the development of the Corporate Plan. Management considers the following to have strategic impact:

Mandate risk

CCC's mandate is to assist in the development of international trade. Although this is a wide-ranging statement, programs and services offered by the Corporation must support the Government's trade agenda while not overlapping with other government initiatives or Crown corporation activities. Also, CCC must meet all government regulations set out in the various acts governing Crown corporations. A sub-committee of the Board (Commercial Initiatives Committee) has been established and is tasked with ensuring that these criteria are met for all existing and any new products/services.

Organizational risk

Management must ensure that the proper corporate structure is in place to support the organization in meeting its objectives. This includes human resources, information management and reporting structures. During the year, changes in the risk management function and individual risk responsibilities were introduced to better equip the Corporation in fulfilling its objectives.

Reputational risk

Reputational risk results from events that tarnish the CCC brand. Poor communication with the Corporation's stakeholders may also lead to a loss of reputation. Ensuring that stakeholders are fully apprised of the Corporation's activities minimizes this possibility. The Corporation maintains close ties with its stakeholders and has increased its transparency by augmenting the reporting available to the public via the CCC Web site.

Business environment risk

Changes in the economy, business needs, insurance and banking practices have an impact on the utilization and value of CCC's services to Canada's exporters. In developing the Corporate Plan, the Board and Management consider these trends while selecting priorities for the Corporation.

Operational risk

Each business unit within the Corporation manages the risk of loss resulting from inadequate or failed internal processes, people and systems. The risk owners are the Vice-Presidents of the business units. The ERM team provides oversight and support where needed.

People risk

Ensuring that the Corporation's staff has appropriate training opportunities is key to having the right people with the right skill sets. Over 55 training programs were provided to staff throughout the year. A succession-planning framework was presented to the Board of Directors during the year.

Information risk

Having sound information management systems is critical for staff to be empowered to achieve the corporate objectives. During the year, the Corporation focused on improving its information management system, finalized business continuity plans and began work on a new Web-based portal for employees and eventual roll-out to clients.

Process risk

As part of the ERM implementation, all major processes related to the day-to-day operations of the Corporation are being revisited. Of particular emphasis has been the Corporation's file management and project certification processes. As the ERM process evolves in 2005-2006, other key processes such as treasury and accounts receivable/payables management will be reviewed.

Export transactional risk

The Corporation is sensitive to the need to protect taxpayers by effectively managing risk in its business transactions, specifically its export contracts and other financial activities. In managing its export transactional risk, the following key risk areas are reviewed:

Contract risk

With approximately \$1.4 billion in outstanding contractual obligations, the terms and conditions of foreign contracts that CCC enters into are a key area of risk. CCC's role as prime contractor allows for direct negotiations with foreign buyers to remove onerous terms and conditions that are beyond CCC's risk tolerance. By doing so, CCC mitigates its own delivery risk under the foreign contract. This also lowers the exporter's risk at the same time.

Some examples of the contractual risk issues that CCC addresses include: liquidated damages, timing of foreign payment flows to exporter production cash flows, location and basis of acceptance of goods or services, location and basis for dispute resolution, and timing of foreign party contractual obligations versus those of the exporter. CCC passes on all the obligations of the foreign contract to the Canadian supplier via a back-to-back matching domestic contract.

Performance risk

Performance risk is the risk that the Corporation's supplier or suppliers (exporters) may fail to supply goods and services to the foreign buyer consistent with the terms and conditions of the contract. Prior to entering into such contracts, the Corporation conducts an extensive due diligence review of the exporter's managerial, technical and financial capability and the foreign contract.

In the case of DPSA projects and some others, PWGSC conducts this risk assessment on behalf of the Corporation. Depending upon the results, the Corporation may require additional assurances such as performance securities and/or contract modifications.

Following contract signing, the Corporation actively monitors and manages the risks associated with transactions post-commitment to ensure that issues are identified and addressed as early as possible. The Corporation provided extensive training throughout the year after the formal introduction of its Post-Contract Management Manual (PCM). The implementation of this manual has improved the Corporation's risk management practices and business processes associated with its outstanding contract portfolio.

Foreign credit risk

Foreign credit risk is the risk that the foreign party will not honour its obligation to pay for the goods and/or services under the contract. The Corporation has a foreign credit risk policy that determines the amount and extent to which it will entertain this risk on its own account. Specifically, it takes a Triple-A rated credit risk of foreign governments and commercial parties, and accepts commercial securities to back up customers' payment obligations where the credit rating is less, unless the Board has provided an

exception. In all other cases, the foreign credit risk is the responsibility of the exporter, who often uses the financing and insurance services of Export Development Canada (EDC) to mitigate credit exposures.

Export contract foreign exchange risk

Foreign exchange risk is the risk that the foreign currency under the contract fluctuates negatively against the Canadian dollar over the term of the contract resulting in lower Canadian dollar revenues for the exporters. The Corporation passes this risk onto the exporter by way of CCC's back-to-back contracting mechanism. CCC only pays exporters in the base currency of the foreign contract.

Risk capital allocation

The Corporation uses its capital to backstop risk related to its export transactions. This includes supplier performance risk as well as any credit risks that the Corporation has entered into.

The SME community may have difficulties meeting CCC's strict due diligence criteria. Although SMEs may have strong technical skills, their financial and managerial depth may be limited. In certain circumstances, the Corporation may undertake projects with SMEs that have special risks. In the event that the project is beyond CCC's normal risk tolerance, the project may be supported through the SME Risk Fund. This fund was established by the Board of Directors to underwrite specific project risks that could not be mitigated through the normal due diligence process. Risks must be quantifiable to be backstopped by the SME Risk Fund, and corresponding risk premia must be charged back to the exporter.

The Board is updated quarterly on the status of available risk capital and the level and risk exposure of the SME Risk Fund.

Financial Statements and Notes

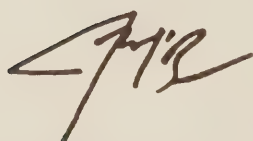
Management Responsibility for Financial Statements

The financial statements of the Canadian Commercial Corporation and all information in this annual report are the responsibility of management. The statements have been prepared in accordance with Canadian generally accepted accounting principles, using management's best estimates and judgments, where appropriate. Financial information presented elsewhere in the annual report is consistent with the statements.

In support of its responsibility, management has developed and maintains books of account, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information that assets are safeguarded and controlled, and that transactions of the Corporation are in accordance with the *Financial Administration Act* and regulations and, as appropriate, the *Canadian Commercial Corporation Act*, the by-laws of the Corporation and the charter.

The Audit Committee oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting. The Audit Committee meets with management and the external auditor to review the manner in which these groups are performing their responsibilities and to discuss auditing, internal controls and other relevant financial matters. The Audit Committee has reviewed the financial statements with the external auditor and has submitted its report to the Board of Directors. The Board of Directors has reviewed and approved the financial statements.

The Corporation's external auditor, the Auditor General of Canada, audits the financial statements in accordance with Canadian generally accepted auditing standards, and expresses her opinion on the financial statements.



John McBride
President and CEO



Michel Houle, CMA
Vice President, Risk and
Financial Services and CFO

Ottawa, Canada
May 20, 2005



Auditor's Report

To the Minister of International Trade

I have audited the balance sheet of the Canadian Commercial Corporation as at March 31, 2005 and the statements of operations and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Canadian Commercial Corporation Act* and the by-laws of the Corporation.

Douglas G. Timmins, CA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 20, 2005


Balance Sheet

As at March 31 (in thousands of dollars)

	2005	2004
Assets		
Cash and cash equivalents (Note 4)	\$ 56,453	\$ 50,156
Accounts receivable (Note 5)	201,335	193,612
Advances to Canadian exporters	22,304	32,484
Progress payments to Canadian exporters	68,335	72,286
	348,427	348,538
Capital assets (Note 6)	1,652	2,269
	\$ 350,079	\$ 350,807
Liabilities		
Accounts payable and accrued liabilities (Note 5)	\$ 191,388	\$ 186,961
Advances from foreign customers	43,058	42,847
Progress payments from foreign customers	70,735	72,215
Provision for additional contract and related costs (Note 10)	4,804	7,757
	309,985	309,780
Employee future benefits (note 8)	981	1,063
	310,966	310,843
Contractual obligations and contingencies (Notes 9 and 11)		
Equity of Canada		
Contributed surplus (Note 1)	28,000	28,000
Retained earnings	11,113	11,964
	39,113	39,964
	\$ 350,079	\$ 350,807

The accompanying notes are an integral part of the financial statements.

Approved:



Alan R. Curleigh
Chair, Board of Directors



John Duffy, CA
Chair, Audit Committee

Statement of Operations and Retained Earnings

For the year ended March 31 (in thousands of dollars)

	2005	2004
Revenues		
Commercial trading transactions (Note 12)	\$1,173,605	\$1,121,831
Less: cost of commercial trading transactions	1,165,012	1,111,515
Gross margin	8,593	10,316
Net interest income	1,230	1,606
Loss on foreign exchange	(226)	(1,558)
Net revenues	9,597	10,364
Expenses		
Additional contract and related costs (Note 10)	5,182	5,584
Administrative expenses (Note 13)	21,671	21,867
Total expenses	26,853	27,451
Net results of operations before Parliamentary appropriations	(17,256)	(17,087)
Parliamentary appropriations (Note 15)	16,405	16,274
Net results of operations	(851)	(813)
Retained earnings at beginning of year	11,964	12,777
Retained earnings at end of year	\$ 11,113	\$ 11,964

The accompanying notes are an integral part of the financial statements.

Statement of Cash Flows

For the year ended March 31 (in thousands of dollars)

	2005	2004
Cash flows from operating activities		
Receipts from foreign customers	\$1,156,026	\$1,110,658
Interest received	1,230	1,606
Fees for service and other income received	8,593	10,308
Payments to Canadian exporters	(1,154,357)	(1,096,805)
Administrative payments	(21,268)	(21,497)
Cash (used in) provided by operating activities	(9,776)	4,270
Cash flows from investing activities		
Purchase of capital assets	(100)	-
Cash used in investing activities	(100)	-
Cash flows from financing activities		
Parliamentary appropriations - operating	16,399	16,381
Cash provided by financing activities	16,399	16,381
Effect of exchange rate changes on cash and cash equivalents	(226)	(1,558)
Increase in cash and cash equivalents	6,297	19,093
Cash and cash equivalents at beginning of year	50,156	31,063
Cash and cash equivalents at end of year	\$ 56,453	\$ 50,156

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements

March 31, 2005

1. Nature, organization and funding

The Canadian Commercial Corporation (the "Corporation") was established in 1946 by the *Canadian Commercial Corporation Act* and is an agent Crown corporation listed in Part I of Schedule III of the *Financial Administration Act*.

The Corporation generally acts as the prime contracting agency when foreign governments, international organizations, or foreign private sector buyers wish to purchase products and services from Canada through the Canadian Government. The Corporation enters into contracts with these foreign customers and the Corporation enters into corresponding supply contracts with Canadian exporters.

Parliament has provided the Corporation with \$28 million as contributed surplus. Annually, the Corporation's operations are funded primarily through a combination of parliamentary appropriations, interest income, cost recovery, fees for service and discounting revenues.

The Corporation is not subject to the provisions of the *Income Tax Act*.

2. Significant accounting policies

These financial statements were prepared in accordance with Canadian generally accepted accounting principles. A summary of significant policies follows:

(a) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. The most significant management estimate was the provision for additional contract costs. Actual results could differ from that estimate.

(b) Contracts

The Corporation records its commercial trading revenues, and related costs, when a delivery has taken place thus passing title to the foreign customer, or, in the case where the contract provided for progress payments, upon acceptance by the Corporation for work performed.

Progress payments, where allowed, represent payments from foreign customers and payments to Canadian exporters on contracts associated with the work performed on a contract leading up to delivery. Usually these payments represent up to 75 percent of costs incurred. Since title has not yet passed to foreign customers, the Corporation recognizes the progress payments made to Canadian exporters as an asset and the progress payments received from foreign customers as a liability. Progress payment assets and liabilities are reduced upon completion of delivery and acceptance by the foreign customer.

Advances from foreign customers and advances to Canadian exporters represent a down payment made at the outset of the contract before any work has been performed. The Corporation recognizes the advances made to Canadian exporters as an asset and the advances received from foreign customers as a liability. Advances made and received are reduced upon completion of delivery and acceptance by the foreign customer.

Prior to the amendment of the *Canadian Commercial Corporation Act* on April 19, 2002, the Corporation was only allowed to recover costs directly incurred upon securing specific international contracts. Amounts recovered on international contracts signed prior to this date are recognized in commercial trading revenues as earned when:

- (1) deliveries have been made by the Canadian exporter; or
- (2) substantial work has been performed by the Canadian exporter in the case of progress payments.

Upon the coming into force of this amendment to the Act, the Corporation was permitted to charge commercial fees for services. Commercial fees generated on international contracts signed on or subsequent to April 19, 2002 are recognized in commercial trading revenues when services are delivered.

Discounting revenues are revenues generated by the Corporation based on the difference between the amount the Corporation pays to the Canadian exporter and the amount the Canadian exporter originally billed the Corporation.

The Corporation is responsible for ensuring that the terms of the contract with the foreign customer are fulfilled regardless of the quality of performance by the Canadian exporter. If the Canadian exporter fails to fulfill its domestic contract obligations to the Corporation, the Corporation may encounter additional contract and related costs. These costs are determined on a contract-by-contract basis, and include completion, re-procurement, associated legal and other costs that are based on quotes or estimates. These costs are recorded in the statement of operations in the year in which the non-performance is identified and the additional costs to be incurred by the Corporation are reasonably determinable.

(c) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the year-end exchange rates. Revenues and expenses are translated at the average monthly exchange rate.

Working capital is maintained in currencies other than Canadian dollars to facilitate cash flows between foreign customers and Canadian exporters.

(d) Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits and temporary investments, maturing in less than three months from acquisition date.

(e) Capital assets

Capital assets, primarily costs associated with the design and development of information systems, are recorded, when significant, after technological feasibility is established. These capital assets are amortized on a straight-line basis over the estimated useful life of five years.

(f) Parliamentary appropriations

Parliamentary appropriations that are not in the nature of contributed surplus are recorded as funding in the year for which they are appropriated, except for appropriations restricted by legislation and related to expenses of future periods which are deferred and recognized as funding in the period in which the related expenses are incurred. Appropriations used for the purchase of capital assets are deferred and amortized into income on the same basis as the related asset.

(g) Employee future benefits

i) Pension benefits

All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Corporation's contributions reflect the full cost as employer. This amount is currently based on a multiple of an employee's required contributions and may change over time depending on the experience of the Plan. The Corporation's contributions are expensed during the year in which the services are rendered and represent the total pension obligation of the Corporation. The Corporation is not currently required to make contributions with respect to any actuarial deficiencies of the Public Service Pension Plan.

ii) Employee severance benefits

Employees are entitled to severance benefits, as provided for under labour contracts and conditions of employment. The cost of these benefits is accrued as employees render the services necessary to earn them. The cost of the benefits earned by employees is actuarially determined using the projected benefit method prorated on services. The valuation of the liability is based upon a current market-related discount rate and other actuarial assumptions, which represent management's best long-term estimates of factors such as future wage increases and employee resignation rates. The excess of any net actuarial gain (loss) over 10% of the benefit obligation is amortized over the average remaining service period of active employees. The average remaining service period of active employees covered by this plan is 12 years (2004 – 12 years). These benefits represent the only obligation of the Corporation that entails settlement by future payment.

The last full actuarial evaluation was done March 31, 2004 and the next one is scheduled for March 31, 2007.

3. Fair value of financial instruments

The fair value of cash and cash equivalents, accounts receivable, advances to Canadian exporters, progress payments to Canadian exporters, accounts payable and accrued liabilities, advances from foreign customers and progress payments from foreign customers, since they have short maturities, are equivalent to their carrying amounts.

4. Cash and cash equivalents

As at March 31, 2005, cash and cash equivalents included (in thousands of dollars):

	2005		2004	
	Original currency	Canadian dollars	Original currency	Canadian dollars
Canadian dollars	35,824	\$ 35,824	37,926	\$ 37,926
U.S. dollars	14,392	17,408	8,599	11,277
Australian dollars	2,811	2,627	338	338
British pound sterling	174	397	167	402
Eastern Caribbean dollars	434	197	434	213
		\$ 56,453		\$ 50,156

The Corporation invests in short-term deposits in Canadian banks. At March 31, 2005, the average term to maturity of short-term deposits was 1 day (2004 - 1 day). The overall portfolio yield at March 31, 2005 was 2.54% (2004 - 1%). Cash and cash equivalents are recorded at cost, which approximates fair value.

Of the cash and cash equivalents, \$18,642,000 (2004 - \$8,740,000) represents funds received from foreign customers which will be remitted to Canadian exporters at later dates in accordance with contracts. Where contracted, these funds may accrue interest to the credit of the Canadian exporter or foreign customer.

5. Accounts receivable and accounts payable and accrued liabilities

Accounts receivable are due on normal international trade terms and are generally non-interest bearing. The maturity profile of the Corporation's accounts receivable was as follows:

< 1 year	\$ 198,142,000
> 1 and < 3 years	\$ 3,193,000

Accounts payable are due on normal trade terms, except for accounts payable to certain small-medium enterprises with contracts signed prior to January 2001. Where these contracts have not been completed, related accounts payable are paid within 15 days. The maturity profile of the Corporation's accounts payable was as follows:

< 1 year	\$ 188,461,000
> 1 and < 3 years	\$ 2,927,000

Under a specific series of financing contracts, included in *accounts payable and accrued liabilities*, the Corporation owed \$26,754,000 as of March 31, 2005 (2004 - \$32,725,000). These contracts bear interest at the cost of funds plus 0.25% and the Corporation has offered as security certain foreign accounts receivable under certain conditions. The Corporation, however, also has access to a number of commercial securities should the foreign party fail to repay these receivables. The amount of outstanding accounts receivable offered as securities under these arrangements as of March 31, 2005 was \$30,771,000 (2004 - \$32,966,000) and was profiled as follows:

< 1 year	\$ 27,578,000
> 1 and < 3 years	\$ 3,193,000

6. Capital assets

Year ended March 31 (in thousands of dollars)

	2005		2004	
	Cost	Accumulated amortization	Net book value	Net book value
Information systems	\$3,683	\$2,031	\$1,652	\$2,269

Included in administrative expenses was \$717,000 (2004 - \$717,000) of amortization.

7. Demand operating credit facility

The *Canadian Commercial Corporation Act* permits the Corporation to borrow from the Consolidated Revenue Fund or other sources for an amount not to exceed \$90 million (previously \$10 million). The Corporation opened a revolving credit facility providing access to funds in the amount of \$40 million Canadian or its U.S. dollar equivalent. Indebtedness under this agreement is unsecured and this credit facility has no expiry date. As at March 31, 2005, there were no draws on this line of credit.

8. Employee future benefits

a) Pension benefits

The Corporation and all eligible employees contribute to the Public Service Pension Plan. This pension plan provides benefits based on years of service and average earnings at retirement. The benefits are fully indexed to the increase in the Consumer Price Index. The Corporation's and employees' contributions to the Public Service Pension Plan for the year were as follows:

(in thousands of dollars)	2005	2004
Corporation's contribution	\$ 756	\$ 820
Employees' contributions	\$ 339	\$ 298

b) Severance benefits

The Corporation provides severance benefits to its employees based on years of service and final salary. This benefit plan is unfunded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. Benefits will be paid from future appropriations. Information about the plan, measured as at the balance sheet date, is as follows:

(in thousands of dollars)	2005	2004
Accrued benefit obligation		
Balance at beginning of year	\$ 951	\$ 981
Current service cost	68	67
Interest cost	57	54
Benefits paid	(70)	(177)
Actuarial (gain) losses	(7)	26
Balance at end of year	\$ 999	\$ 951
Accrued benefit obligation at end of the year	999	951
Unamortized net actuarial gains (losses)	(18)	112
Accrued benefit liability at end of year	\$ 981	\$1,063

	2005	2004
Accrued benefit obligation as of March 31		
Discount rate	6.05 %	6.05 %
Rate of compensation increase	1.50 %	3.00 %
Benefit costs for year ended March 31		
Discount rate	6.05 %	5.78 %
Rate of compensation increase	1.50 %	3.00 %

9. Contractual obligations and risk management

(a) Contractual obligations and indemnities

The Corporation is obligated to complete numerous contracts with foreign customers. As of March 31, 2005, the total contract portfolio value remaining to be fulfilled approximates \$1.382 billion (2004 - \$1.357 billion). The profile of the Corporation's total contract portfolio was as follows:

< 1 year	\$694,016,000
> 1 and < 3 years	\$442,190,000
> 3 and < 5 years	\$245,367,000

The Corporation has contractual recourse to Canadian companies to fulfill its contractual obligations. Depending upon the results of its due diligence, the Corporation may supplement this recourse through the provision of commercial securities including holdbacks, bank guarantees, surety bonds, parent guarantees, insurance assignments, property liens, personal guarantees and shareholder cash held in trust with the Corporation.

Under the Progress Payment Program, the Corporation indemnifies participating banks for amounts they have advanced to Canadian exporters. The Corporation may claim title to the works in progress should a Canadian exporter fail to complete a contract. The amount of outstanding indemnities as of March 31, 2005 was \$731,000 (2004 - \$1,713,000). The profile of the Corporation's outstanding indemnities was as follows:

< 1 year	\$731,000
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Besides claiming title to the works in progress, the Corporation may supplement this recourse depending upon the results of its due diligence through the provision of commercial securities including parent guarantees, insurance assignments, property liens, personal guarantees and shareholder cash held in trust with the Corporation.

(b) Risk management

In terms of foreign customer credit risk, the Corporation generally extends open account terms to parties with a credit rating of at least AAA, and seeks security where the rating falls below this threshold.

To address foreign exchange risks, contracts with foreign customers and corresponding contracts with Canadian exporters are generally transacted in the same currency. The Corporation uses this to effectively transfer the currency risk to the Canadian exporter.

10. Provision for additional contract and related costs

The Corporation may incur additional contract and related costs should Canadian exporters not fulfil the terms of their contracts. The Corporation has recorded an expense of \$5,182,000 (2004 - \$5,584,000) related to the *additional contract and related costs*, leaving a balance of \$4,804,000 as of March 31, 2005 (2004 - \$7,757,000), representing management's best estimate of the additional costs which will be incurred by the Corporation to meet its contractual obligations.

11. Contingencies

The Corporation is the claimant or defendant in certain pending claims and lawsuits. While the damages being claimed by the plaintiffs are significant, management believes, based on advice from legal counsel, that the potential liabilities of the Corporation and consequent damages or awards arising from such liabilities are, at present, not determinable.

Amounts payable, if any, will be recorded in the year in which they can be determined.

During the 2004 fiscal year, a judgment was rendered against the Corporation and Public Works and Government Services Canada (PWGSC) by the Ontario Court Superior Division for an amount of \$30 million plus interest from October 1985, the date the cause of action arose. The Attorney General of Canada has filed a Notice of Appeal against the judgment which was heard in April 2005. No decision regarding this appeal has yet been rendered. Any liability arising from this case will be shared between the Corporation and PWGSC. The allocation cannot be determined at this time. Management believes that the potential liabilities of the Corporation and consequent damages or awards arising from such liabilities are, at present, not determinable.

12. Commercial trading transactions

Commercial trading transactions arising from the Corporation's facilitation of sales of Canadian goods to foreign customers, which includes governments, international agencies and other buyers throughout the world, were as follows:

Year ended March 31 (in thousands of dollars)	2005	2004
U.S. government and other buyers	\$ 818,820	\$ 680,630
Other foreign governments and buyers	354,785	441,201
	<u>\$1,173,605</u>	<u>\$1,121,831</u>

Commercial trading transactions were comprised of contract billings of \$1.2 billion (2004 - \$1.1 billion) and fees for services and other income of \$8,593,000 for the year ended March 31, 2005 (2004 - \$10,316,000).

Business volume is distinct from commercial trading transactions. Business volume describes the value of contracts and amendments signed during the year which amounted to \$1.5 billion for the year ended March 31, 2005 (2004 - \$1.2 billion).

13. Administrative expenses

Administrative expenses included the following:

Year ended March 31 (in thousands of dollars)	2005	2004
Workforce compensation	\$10,050	\$10,007
Contract management services (net of \$433,000 in recovered costs) (Note 14(a))	5,380	5,231
Software, hardware and support	1,118	1,388
Travel and hospitality	1,021	1,004
Rent	966	949
Marketing and promotion	939	910
Amortization	717	717
Human resource training and other initiatives	616	629
Other expenses	587	711
Telecommunications, courier and translations	277	321
	<u>\$21,671</u>	<u>\$21,867</u>

14. Related party transactions

The Corporation is related in terms of common ownership to all Government of Canada departments, agencies and Crown Corporations. The Corporation enters into transactions with these entities in the normal course of business.

(a) Public Works and Government Services Canada

Public Works and Government Services Canada provides contract management services to the Corporation at negotiated rates, based in part on the amount of contracts procured, and provides certain functions at cost.

For the year ended March 31, 2005, the cost of these services amounted to \$5,813,000 (2004 - \$5,231,000) and is included in administrative expenses.

In one circumstance, Public Works and Government Services Canada provided the Corporation with contract management services at no additional cost. It was not practicable to determine the cost of these services. Accordingly, the value of these services was not recorded in the Corporation's accounts.

(b) Department of Justice

The Department of Justice provides legal services to the Corporation and represents it in certain matters. The Corporation pays for these legal services and expenses incurred in connection with specific actions. For the year ended March 31, 2005, the cost of such legal fees and expenses in the amount of \$402,000 (2004 - \$295,000) was included in administrative expenses, and the amount of \$232,000 (2004 - \$347,000) was included in additional contract and related costs.

(c) Privy Council Office

The Corporation allows its employees to participate in interchange employee programs with other departments or agencies. For the year ended March 31, 2005, the Corporation recovered salaries and benefits charges of \$167,340 (2004 - \$167,360).

(d) Other

The Corporation has also entered into commercial trading transactions with the following related government entities:

(in thousands of dollars)

Department of National Defence	\$16,816
Canadian International Development Agency	\$12,921
Natural Resources Canada	\$ 1,324
Consulting and Audit Canada	\$ 805
Environment Canada	\$ 416

As a result of all related party transactions, the amounts due from and to these parties were \$6,495,000 (2004 - \$570,000) and \$6,908,000 (2004 - \$699,000) and were included in accounts receivable and accounts payable respectively.

15. Parliamentary appropriations

During the year, the Parliament of Canada authorized appropriations for the Corporation in the amount of \$16,405,000 (2004 - \$16,274,000).

16. Lease commitments

Future minimum payments by fiscal year on operating leases for premises are as follows:

(in thousands of dollars)

2005-2006	\$ 708
2006-2007	625
2007-2008	625
2008-2009	625
2009-2010	625
	<hr/>
	\$3,208

CCC Board of Directors



Alan R. Curleigh
Chair of the Board
Canadian Commercial Corporation
Appointed November 2002



John McBride
President
Canadian Commercial Corporation
Appointed April 2005



Martine Corriveau-Gougeon
President
Gesti
St. John's, Newfoundland
Appointed May 2005



John Duffy, CA
Chief Financial Officer and
Vice President, Finance
Neate Roller Limited
Mississauga, Ontario
Appointed October 2003



Andrew Saxton
Chairman
King George Financial Corporation
Vancouver, British Columbia
Appointed November 2002



David W. Stapley
President, DRS Technologies
Canada Inc., and
Senior Vice President,
International Business Development,
Government Relations, DRS
Technologies Inc.
Carleton Place, Ontario
Appointed October 2003



Ken Sunquist
Assistant Deputy Minister
World Trade Organization
International Trade Canada
Ottawa, Ontario
Appointed May 2004



Norman A. Turnbull, CA
President
NAT Expertise/Conseil
Montreal, Quebec
Appointed May 2005



Peter M. Wright, LLB
Chairman
Patterson Palmer Hunt Murphy
Moncton, New Brunswick
Appointed September 2002



Neil Yeates
Assistant Deputy Minister
Industry Sector, Industry Canada
Ottawa, Ontario
Appointed March 2005

Departing the Board were
Louis-Marie Beaulieu,
David Fransen,
Amélia Salehabadi and
Grant Mitchell

CCC Officers



John McBride
President and CEO



Michel Houle, CMA
Vice President, Risk and
Financial Services
and Chief Financial Officer



Tamara Parschin-Rybkin, QC
Corporate Counsel
and Corporate Secretary



Robert Ryan
Vice President
Operations



Sharon Fleming
Vice President
Corporate Services

Glossary of Terms

Additional contract costs:

Costs incurred by the Corporation to meet its contractual obligations to foreign buyers when suppliers are unable to meet their contractual commitment to CCC. This may include the cost of reprourement or the cost of compensation.

Advance payments:

Down payment made by the buyer at the outset of the contract, before any work has been performed.

Appropriations:

Funding CCC receives from the Government of Canada to manage DoD/NASA prime contracts.

Capital projects:

A project where a significant portion of the work is performed by a Canadian exporter, or by its subcontractor, in a foreign country and/or the contract contains a significant supply risk associated with the long-term sale of commodities.

Clients:

Canadian exporters doing business through CCC.

Contract:

Legally binding agreement between the Corporation and Canadian exporters or foreign buyers with respect to the supply of a product and/or service.

Contract amendment:

Variation to the original signed contract.

Contract billings:

The total amount the Corporation invoiced to foreign customers for the delivery of products and services.

Contract performance guarantee:

An assurance provided to the foreign buyer that CCC, as an agency of the Government of Canada, will perform the contract in accordance with its terms and conditions.

Contract risk:

Possibility that a party to the contract may not meet the terms and conditions of the contract.

Cost recovery:

Direct costs, such as travel expenses and direct labour costs, recovered by the Corporation on a number of contracts.

Credit risk:

Possibility of a contract party failing to meet its financial/payment commitments.

Customers:

Foreign buyers doing business through CCC.

Defence Production Sharing Arrangement (DPSA):

Agreement signed in 1956 between Canada and the United States to allow Canadian industry to compete with U.S. firms for defence contracts on a commercial basis.

Directly facilitated exports:

The value of effective contracts and amendments signed by CCC through its Prime Contractor and Progress Payment Program services.

EPC:

Engineering Procurement and Construction projects are integrated, complex and typically multi-million dollar infrastructure projects, found in a variety of sectors such as energy, transportation, telecommunications, engineering and construction.

Fees for service:

Direct and indirect costs including risk premium and appropriate service fees charged to Canadian exporters or foreign buyers using CCC services.

Gain/Loss on foreign exchange translation:

Gain/loss resulting from the movement in the exchange rate, which affects the Canadian value of the Corporation's foreign exchange holdings.

Indirectly facilitated exports:

The value of export contracts and amendments signed by Canadian companies whereby CCC's unbundled services, SourceCAN, and the DPSA project management service were accessed in order to win the contract or amendment.

Pre-shipment financing:

Financing required to cover direct costs incurred on a project at a stage before the exporter has generated a receivable.

Prime contractor:

This is CCC's role when it signs the international contract with the foreign buyer, guaranteeing that its terms and conditions will be met, and then issues a domestic contract to the Canadian supplier for the execution of the work.

Procurement agent:

This is CCC's role when it sources Canadian supply for international customers from Canadian companies.

Progress payments:

Payments from foreign customers and to Canadian exporters on contracts where the partial recoupment of costs associated with the work performed on a contract leading up to delivery is allowed.

Risk Management Framework:

CCC's Risk Management Framework combines the Board of Directors' directive on annual allowable losses and management's policies and practices related to operational risk mitigation.

Receivables Discounting Service:

Receivables Discounting Service provides Canadian companies having contracts with CCC access to immediate payments for their invoices at a reasonable financing rate. This allows these companies to meet their financial obligations without increasing their debt.

Small- and medium-sized enterprises (SMEs):

Canadian entities with annual sales of less than \$25 million.

Unbundled services:

The International Prime Contractor service has been separated into individual services that allow Canadian exporters to build a customized service package that meets their needs.

Value of orders received:

This term is sometimes used interchangeably with directly facilitated exports. They represent the total value of contracts and amendments signed during the year, and are distinct from billings that reflect the value of work that is performed on directly facilitated exports. Billings measure the actual deliveries being made or relate to in-progress work that has been completed after a contract has been signed and is effective.

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Canadian Commercial Corporation
Corporation Commerciale Canadienne

Strategic Realignment



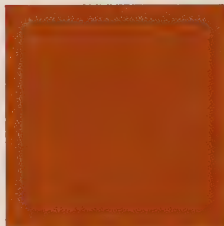
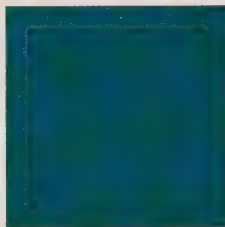
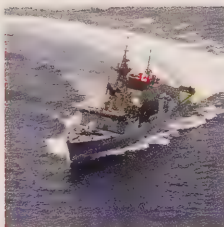
Annual Report

2005-⁶06
yrs

Last year, the Canadian Commercial Corporation undertook a process of strategic realignment.

The organization's objectives and operational approaches were reviewed. The outcome was a renewed commitment to CCC's core business – connecting Canadian exporters to international public sector markets through government-to-government contracting in defence and developing country markets. Furthermore, there was a renewed

focus on excellence in business, financial and risk management processes as key enablers of success. Finally, there is a deeper understanding that CCC's future depends on the dedication and expertise of its employees, who work to help Canadian exporters.



CCC believes that excellence in international government-to-government contracting, combined with more effective and coherent collaboration with international trade partners, will significantly improve outcomes for Canadian exporters.



Photo credits:

4. CIDA Photo: D. Trattles

5. Department of National Defence (DND)

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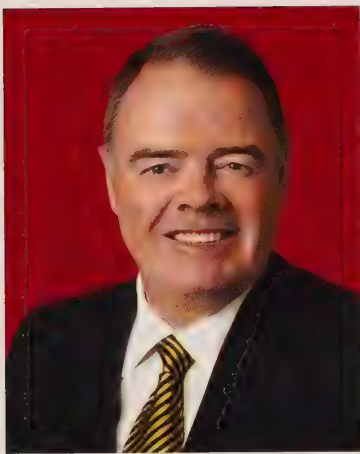


Message from the Chair

The past fiscal year was one of change for the Canadian Commercial Corporation. Acting on the strategic direction set by the Board of Directors, the organization engaged in a restructuring process, ensuring its ability to serve effectively, accountably and with sharp focus as Canada's international contracting agency.

Critical to this was the clear definition and reaffirmation of CCC's two business branches: Defence (which encompasses aerospace, defence and security) and International Development. These are the pillars on which the Corporation stands – pillars that were put in place 60 years ago when CCC was founded. As such, realignment is a return to core principles and competencies.

CCC achieved an operating surplus in 2005-06, the first time it has done so in the past three years. This is a most encouraging achievement and a harbinger of things to come.



2005-06 was the first full fiscal year in which the effects of CCC's new governance structure were felt. The Board focused on CCC's strategic direction and engaged in candid, constructive dialogue with CCC's executive. Board members demonstrated their ability to lead and to challenge – for the good of organizational effectiveness – while respecting the requirement for management to manage and act independently.

Much of the work done at the Board level pertained to matters of structure and process, which have a direct bearing on the ability of the organization to fulfill its mandate and achieve its objectives. Requirements of transparency, financial control, diligent reporting and officers' certification of results all depend on the existence of sound systems.

The Board approved an Enterprise Risk Management (ERM) framework for CCC in 2005-06, allowing executives to examine and start retooling business processes, and IT systems.

The Board also took steps last year to strengthen itself. Having followed a merit-based process for defining requirements when seeking new members, the Board secured ministerial approval to appoint two directors to fill vacant seats.

The Board recognizes its responsibilities to the Minister of International Trade and looks forward to sharing further insights into our business with the government through diligent reporting on our role and performance.

In the coming period, the Board is eager to see the outcomes of CCC's efforts. The Corporation anticipates continued success in terms of orders received, success in risk management, and systems-driven gains in efficiency and effectiveness. It is fitting that positive results should be expected for the year that CCC will celebrate its 60th anniversary.

I want to thank CCC's management and staff for their efforts over the course of the year. I would also like to thank former board member Neil Yeates for his valuable contribution to the Board of Directors during his term with us.

A handwritten signature in black ink that reads "A Curleigh". The signature is written in a cursive, flowing style.

Alan Curleigh
Chair

Message from the President

‘Clarity’ was the keyword for CCC last year. Clarity of purpose. Clarity of focus. Clarity in defining the structures, systems and processes necessary for the Corporation to achieve its goals.

That clarity stems from a deliberate return to the mandate that was given originally to the Corporation in 1946.

In 2005-06, CCC posted record orders received and, for the first time in three years, achieved an operating surplus. Working with a federal government allocation of \$16 million, CCC contracted \$1.6 billion in export transactions last year – a good return on investment. In an organization of about 100 employees, that means over \$1 million per month per employee.

The accomplishments of 2005-06 support our conviction that a tighter, sharper focus is conducive to growth.

Last year, the Corporation took several steps to improve its business processes, striving for excellence in financial, contract and enterprise risk management. We have also focused on addressing legacy project difficulties and ensuring they are accurately provisioned. Risk is part of our business. Going forward, CCC has identified effective risk management as a key priority.

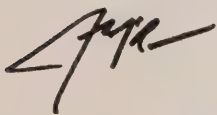
I would like to thank the Board for the discipline and vision it brought to bear in realigning the Corporation’s strategic direction.

A priority both for the Board and CCC’s management team is strengthening our partnerships. Our Corporation is one component in a larger system of market access and trade facilitation. Understanding our role and value within that system will allow us to build better, more effective relationships with commercial and public-sector partners, particularly Foreign Affairs and International Trade Canada (FAITC), the Canadian International Development Agency (CIDA) and Export Development Canada (EDC).

In 2005-06, CCC devoted much effort to identifying and cultivating partnerships. Going forward we will be focused on measuring results.

The past year has been personally gratifying for me. It was my first as President of CCC, and my appreciation for the role and value of the Corporation has deepened. I have also gained great admiration for the people of CCC, whose dedication and hard work have propelled us through a time of considerable change.

Finally, it gives me great pleasure to look ahead to the coming year – in which CCC celebrates its 60th anniversary.



John McBride
President

2005-06 highlights

Orders received	\$1.564 billion
Number of exporters contracting through CCC	162
Order received from the U.S.	\$710 million
Orders received from 20 other countries	\$854 million
Net Revenues	\$10.1 million
Parliamentary appropriations	\$16.2 million
Commercial trading transactions	\$1.065 billion

Branch

International Development

Fact

CCC helps foreign governments procure essential goods from Canada

The story

CCC is in the final year of a Memorandum of Understanding with the Canadian International Development Agency (CIDA) to procure essential medications and medical devices for the government of Zambia. Through the project, called *Mankwala Ya Zambia* (Medicine for Zambia) products such as anti-infectives, antibiotics, antimoebics and analgesics are purchased from various Canadian suppliers for distribution in Zambia.

Who we are

CCC was created 60 years ago to support the development of trade between Canada and other countries – specifically, by helping Canadian exporters access markets abroad and by helping foreign buyers obtain goods from Canada.

CCC is a Crown corporation under schedule III part I of the *Financial Administration Act*. CCC reports to Parliament through the Minister of International Trade. It is funded through three distinct streams: appropriations, voted by the Parliament of Canada; interest income; and, fees generated by service offerings to exporters.

CCC is headquartered in Ottawa and employs approximately 100 personnel.

Answering the need

CCC's main business is government-to-government contracting and procurement in defence and developing country markets. CCC operates in markets where government-to-government contracts are required to supplement international trade rules or practices. In general, this means defence and developing country markets. Defence because these markets are exempt from multilateral trade agreements and are subject to national security and national preference considerations. Developing country markets because procurement and contracting practices are not always sufficiently robust to allow Canadian exporters to conclude successful trade transactions without assistance.

Where we fit

CCC operates within the International Trade portfolio. The Corporation works closely with Foreign Affairs and International Trade Canada (FAITC). CCC's procurement and contracting services complement the structured financial services and export insurance provided by EDC. CCC relies on the international and domestic front-line client and market intelligence services provided by International Trade Canada (ITCan) to Canadian exporters.

What we deliver

As Canada's international contracting agency, CCC offers three principal services: sovereign contracting; procurement services; and contract advice.

Sovereign contract service

CCC secures Canadian export deals by signing contracts with foreign governments on behalf of the government of Canada – on the best possible terms for all parties concerned. These government-to-government contracts are mirrored by back-to-back contracts with Canadian exporters who provide the goods or services required. The benefit of sovereign contracting is that CCC guarantees contract performance, reducing the buyer's risk of exposure to non-performance. The actual performance obligations of the contract remain with the exporter.

Procurement agent service

CCC procures goods and services on behalf of government buyers and multilateral organizations for international end use, managing both the contracting process and purchasing cycle.

Contract advisory services

CCC's contract specialists provide valuable guidance and advice on how to meet buyers' contractual requirements and navigate the procedures and rules associated with complex government-to-government markets. CCC also assists exporters by helping them structure transactions in ways that enhance the appeal of their offerings and by supporting the negotiation of the best possible terms and conditions.

Performance against objectives

CCC's business objectives in 2005-06 were identified in the *2005-06 to 2009-10 Corporate Plan* as:

1. Sharpening the commercial focus;
2. Achieving a growing diversified export contract portfolio;
3. Enhancing the corporate profile and increasing awareness; and
4. Improving the service delivery capacity.

As noted earlier, during 2005-06, the Corporation re-examined its focus and objectives. As a result, the objectives set out in the Corporation's 2006-07 to 2010-11 Corporate Plan will reflect a realignment of the previously stated objectives as follows:

1. **Sharpening the commercial focus:** With a clearer focus on core competencies, our commercial success will be measured against our results in defence and developing country markets. Furthermore, this objective, particularly with respect to optimizing CCC's fee structure, requires the application of a reliable and accurate cost-attribution model to define "self-sufficiency outside of the Defence Production Sharing Arrangement (DPSA)."
2. **Growing a diversified export portfolio:** As opposed to a general focus on diversification, success in the future will be measured by our ability to expand exports in our core markets.

Branch

Aerospace, Defence and Security

Fact

CCC responds rapidly to urgent requirements

The story

Sometimes there's just no time to wait. That was the case when the Canadian International Development Agency (CIDA) came to CCC early in the fall of 2004 urgently seeking air-transportation support for Canada's contribution to the African Mission in Sudan (AMIS). In just a matter of months CCC had found, contracted and engaged Skylink PAE Aviation Inc., to supply helicopters (totaling 25 by 2006), two fixed-wing aircraft, and crews for all to deliver personnel and cargo air services.

3. **Enhancing our corporate profile and increasing awareness:** This objective must be targeted at Canadian exporters for whom accessing defence and/or developing country markets are key elements of business strategy. Instead of general profile building, the Corporation will utilize its strategic partnerships to more effectively identify and engage its target audiences.
4. **Improving service delivery capacity:** Improving service delivery capacity requires a deliberate focus on fostering highly motivated and skilled personnel, as well as the implementation of robust business processes and meaningful performance measures.

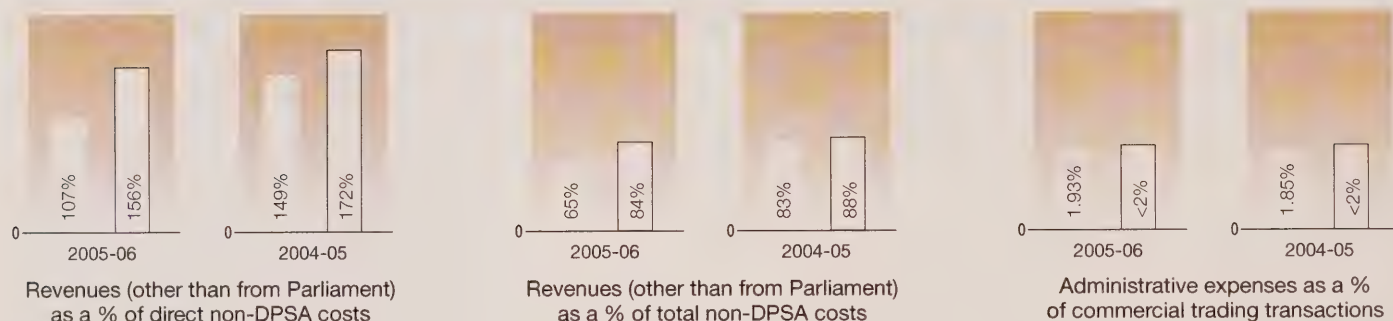
Primary performance objectives

1. Sharpening the commercial focus

This 2005-06 result was significantly affected by additional contract costs related to contracts signed between 2000 and 2003. Having addressed these issues the Corporation is expecting significant improvement in future years.

Sharpening the commercial focus



Performance Measure ■ Actual ■ Target

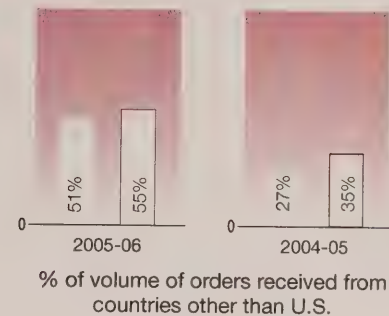
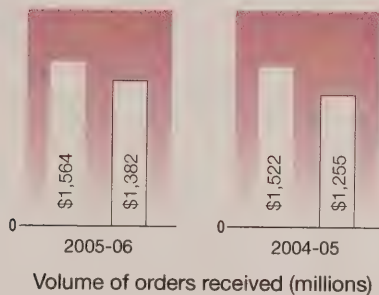


2. Growing a diversified export portfolio

Total orders received at \$1.564 billion were a record high for CCC. In addition, with the signing of the Quito airport project, orders outside the U.S. were also high in 2005-06.

Growing a diversified export portfolio

Performance Measure  Actual  Target

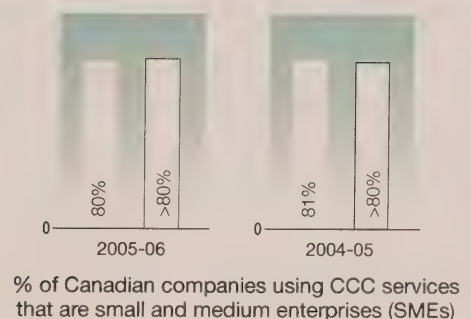
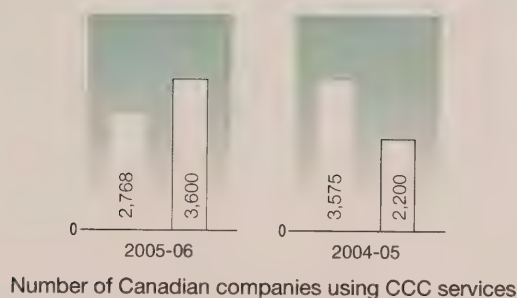


3. Enhancing our corporate profile and increasing awareness

The following data measures use of the indirect (non-core) electronic business opportunity identification and matching service offered online through Industry Canada's SourceCan platform. In 2006-07 CCC will no longer use the indirect service measure associated with the SourceCan platform as an indicator of corporate profile and exporter awareness of CCC services. Instead, the Corporation will report on use of CCC's core contracting and procurement services.

Enhancing our corporate profile and increasing awareness

Performance Measure  Actual  Target



4. Improving internal service delivery capacity

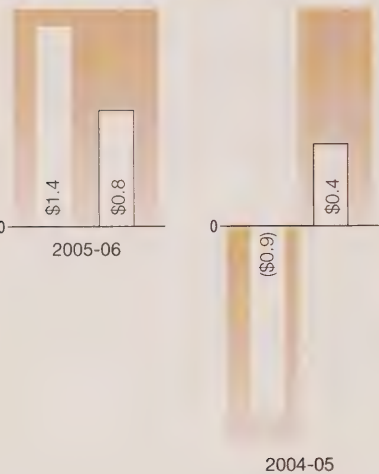
In 2005-06, CCC undertook a number of activities that will, over time, lead to an improvement in service delivery capacity. These include the Enterprise Risk Management (ERM) Framework, the revised learning policy, and an internal examination of the Enterprise Resource Planning (ERP) system.

Selected secondary performance measures

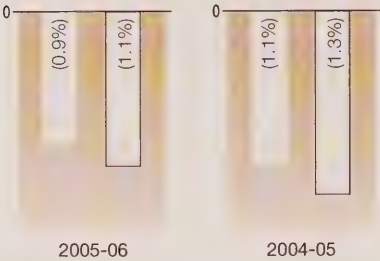
Secondary performance indicators reflect measurement objectives that cover several areas within the Corporation and include key financial and related operational performance indicators.

Selected secondary financial performance measures

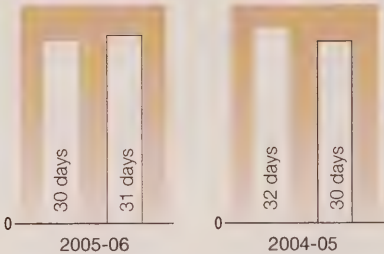
Performance Measure Actual Target



Net results of operations versus budget (millions)



Net results of operations (before parliamentary appropriation) compared to volume of orders received



Days required to make payments directly to exporters

Five-year historical review of key indicators

Key performance indicators measured between 2001-02 and 2005-06:

	2005-06	2004-05	2003-04	2002-03	2001-02
New orders received (millions)	\$1,564	\$1,522	\$1,144	\$952	\$1,214
Revenues from non-parliamentary sources (millions)	\$10.328	\$9.917	\$11.922	\$9.458	\$7.911
Revenues (before appropriations) as a % of total non-DPSA costs	65%	83%	105%	104%	N/A
Net results of operations (millions)	\$1.4	(\$0.9)	(\$0.8)	\$0.1	\$2.5
Additional contract costs as a % of orders received	0.26%	0.33%	0.46%	0.21%	0.03%
Number of Canadian companies using CCC services	2,768	3,575	3,702	1,971	1,954
Percentage of clients who are SMEs	80%	81%	84%	82%	N/A

Management discussion and analysis

In 2005-06, CCC focused on its core business – government-to-government contracting and procurement in defence and developing country markets. Consistent with its return to core business, the organization restructured its operations into two business branches – Aerospace, Defence and Security, and International Development. Each branch was mandated to connect exporters to markets in their respective areas while ensuring on-going financial viability for the Corporation.

Branch

Aerospace, Defence and Security

Fact

CCC helps Canadian companies sell into the U.S. security market

The story

When Field Aviation and Bombardier sought to negotiate a contract for providing Dash 8 Multi-Role Surveillance Aircraft to ATK Mission Research Integrated Systems – a vendor in the U.S. Homeland Security market – the two Canadian companies called on CCC's expertise and role as manager of the Canada-U.S. Defence Production Sharing Arrangement (DPSA).

Aerospace, Defence and Security

The United States Department of Defense (U.S. DoD) business segment represents the single largest share of CCC's contract billings, amounting to approximately 67 percent. This market, accessed through the Canada-U.S. DPSA, performed strongly for CCC in 2005-06, as anticipated.

The U.S. DoD market fluctuates somewhat from year to year due to stockpiling trends and anomalies that arise from purchases on behalf of allied forces. CCC closed the 2005-06 fiscal year with approximately \$625 million new orders received between Canadian companies and the U.S. DoD; this is \$93 million lower than the previous year (which included a large purchase made by DoD on behalf of a U.S. ally).

DoD is CCC's number-one defence-sector buyer, and CCC is committed to maintaining a strong, relationship through the mechanism of the DPSA. This requires an on-going program of outreach and advocacy. By providing data on procurement that presents a clear picture of the healthy buy-sell dynamic between Canada and the U.S., CCC helps U.S. purchasers make well-informed decisions in this respect.

CCC developed opportunities last year to serve the Canadian and international defence markets through deals that consolidate the requirements of like minded countries which alone cannot generate orders of sufficient size to be affordable. This was the case in 2005-06 regarding the joint purchase of SIRIUS infrared defence systems by the navies of Canada and The Netherlands. CCC intends to

apply this model to future joint procurement projects in order to grow business in this area.

CCC's Aerospace, Defence and Security Branch also worked last year to redefine its relationship with Public Works and Government Services Canada (PWGSC). PWGSC is a key partner with considerable purchasing expertise; through a Memorandum of Understanding and ongoing discussions, CCC aims to define and refine a mutually beneficial mode of working with PWGSC, whereby each can capitalize on the strengths of the other in serving defence-sector clients.

In the year ahead, CCC will expand its Aerospace, Defence and Security team to fill vacant positions and reach full capacity, and will continue to examine and advance opportunities to support Canada's Department of National Defence (DND) with sector-specific contracting services.

Developing country markets

CCC's International Development Branch was established in its present configuration in September 2005 – an amalgamation of CCC's International Procurement Services and other divisions of the Corporation.

The move to create the International Development Branch was tied directly to CCC's process of strategic realignment.

Upon creation, the task for the International Development Branch was to articulate a mission and vision in keeping with CCC's overall mandate – while at the same time continuing with business already underway and beginning to identify fresh opportunities.

From a strategic point of view, it was determined early on that partnerships with EDC, the Canadian International Development Agency (CIDA) and other such organizations that operate in the development sphere would be critical to CCC's success in this space. Efforts commenced almost immediately to fortify those partnerships that already existed and to identify new opportunities.

In addition to the efforts associated with establishing a new branch of operations, CCC completed a number of international projects over the course of the year, most notably concluding a four-year contracting process to participate in the construction of Quito airport in Ecuador (a project valued at \$510 million) and finalizing a procurement contract for Canadian firms to provide water/hydroelectric-engineering services to the Dominican Republic. Impact assessments for a separate hydroelectric project in India were completed last year, paving the way for a Canadian supplier to upgrade an existing hydro facility in a contract valued at approximately \$100 million.

A priority for the coming year, in addition to continuing staffing and partnership efforts, will be to define and implement a viable business model for the branch.

Business performance at a glance

The following table shows the actual results against targets (millions):

	2005-06 Actual	2005-06 Budget	2004-05 Actual	2004-05 Budget
Aerospace, Defence and Security				
DPSA	\$625	\$625	\$763	\$625
Major defence projects (including Light Armoured Vehicles)	\$77	\$200	\$343	\$200
Global aerospace and defence	\$223	\$145	\$294	\$145
Developing Country Markets				
Baseline*	\$63	\$95	\$106	\$ 95
Progress Payment Program**	\$0	\$55	\$ 5	\$ 55
ICB major projects	\$576	\$135	\$ 11	\$135
New orders received	\$1,564	\$1,255	\$1,522	\$1,255

* Supply and minor construction.

** The Progress Payment Program (PPP) was discontinued in 2005-06 in order to eliminate duplication with services offered by EDC.

Enablers

CCC has identified human resources and external partnerships as operational enablers essential to the successful execution of its strategic plans.

Internal capacity and human resources

In addition to direct staffing requirements, change management was a key focus for CCC over the course of 2005-06, given the activities around restructuring and strategic realignment carried out during the year. On the human resources front, CCC successfully completed negotiations with the Professional Institute of the Public Service of Canada (PIPSC), which represents the Corporation's employees. The new agreement is valid until 2007 and retroactive to the expiry of the prior agreement in 2004. To boost CCC's internal capacity, the Corporation updated its Learning Policy, which encourages employees to create professional-development curricula that map onto their specific goals and objectives.

CCC recognizes employees for their contributions twice a year. Service milestones are celebrated and peer awards are presented (for which employees are nominated by their colleagues). As well, significant achievements are recognized through a special Corporate Service award.

Partnerships

In 2005-06, the Corporation undertook a thorough review of 43 existing partnerships which include, industry associations, business councils and relevant government players among which are CIDA, EDC, FAITC and the Defense Security Cooperation Agency (DSCA). Each was evaluated against a matrix of considerations derived directly from its strategic objectives. Based on the results of that review, CCC is assessing which of its partnerships are strongest, which require modification to align better with the organization's needs, and which should be terminated in keeping with the Corporation's strategic focus.

Corporate governance

As a Crown Corporation under schedule III part I of the *Financial Administration Act* (FAA) and wholly owned by the Government of Canada, CCC reports to Parliament through the Minister of International Trade. CCC is governed by a Board of Directors responsible for the affairs of the Corporation. The Board exercises its responsibilities in keeping with the general provisions of Part X of the FAA, as well as the provisions of the *Canadian Commercial Corporation Act*. CCC's financial statements are audited annually by the Auditor General of Canada (in addition to a "Special Examination" conducted every five years) and the Corporation is subject to the *Access to Information Act*.

About the Board

The Board of Directors comprises a Chairperson, the president, and nine directors appointed by the Minister of International Trade with approval from the Governor-in-Council. The Board approves the five-year corporate plan and the Annual Report, which are tabled in Parliament. The Board meets as required (usually quarterly) to review the Corporation's overall operation, receive committee reports, and discuss CCC's performance against objectives. The Board undertakes regular assessments of its effectiveness (and the contributions of each director) by means of an annual peer-review exercise designed to improve individual and collective performance. Over the course of the 2005-06 fiscal year, the Board of Directors paid particular attention to refocusing the Corporation's strategic direction, strengthening risk management practices and enhancing financial systems and controls. Furthermore, the Board agreed to strengthen its internal audit function to provide enhanced assurance capacity.

Branch

International Development

Fact

CCC helps non-governmental organizations procure effectively

The story

Since 1998, the CCC has procured vitamin A capsules to supply the Micronutrient Initiative (MI), an Ottawa-based not-for-profit organization dedicated to combating micronutrient malnutrition in the developing world. With the help of a grant from the Canadian International Development Agency (CIDA), MI meets over 75% of the world's need for vitamin A supplements, distributing them through UNICEF to more than 70 countries and saving more than two million lives in the process. Last year, CCC awarded Banner Pharmacaps and Accucaps Industries Ltd. the contracts for the 2006 supply, valued at some CDN\$5.3 million.

CCC's Board of Directors is led by an independent, non-executive Chair and conducts its oversight functions in concert with key Board committees as follows:

- **Audit:** deals primarily with matters related to sound financial and risk-management practices as well as accurate and ethical reporting and audit functions;
- **Governance:** develops and implements practices and procedures to ensure that the Board of Directors and the Corporation operate effectively and in accordance with a high standard of corporate governance;
- **Human Resources:** conducts candidate identification and recommendation for the positions of Board Chairperson, Directors and President; it also reviews together with the Chairperson the performance of the president, and reviews and recommends the appointment of corporate officers as well as compensation-related issues;
- **Commercial Initiatives:** oversees management's development of new commercial business initiatives, particularly all capital projects and those potential contracts valued in excess of \$100 million.

Refocusing CCC's strategic direction

In 2005-06, the Board of Directors and management articulated a more focussed overarching business objective: "helping Canadian exporters secure market access through excellence in the delivery of international contracting solutions in complex government-to-government markets". In addition, the Board identified the following four key enabling strategies:

- Assuring exemplary corporate governance;
- Fostering highly motivated and skilled personnel;
- Building effective partnerships; and
- Implementing robust business processes along with meaningful performance measures.

It was further determined that these strategies would be complemented by efforts to optimize CCC's financial resources by:

- Preserving the Corporation's capital;
- Growing fee bearing business volume;
- Reducing additional contract costs; and
- Streamlining overhead.

The refocused strategic direction has already begun to bear fruit as evidenced by the 2005-06 performance outcomes reflected in this report. It also constitutes the underpinning for the strategic thinking behind the 2006-07 to 2010-11 Corporate Plan.

Risk management practices and financial controls

The Corporation identified a need to strengthen its strategic risk management framework through the implementation of an ERM mechanism. This would systematically identify and prioritize risks to the Corporation and allocate resources accordingly. In 2005, CCC asked a professional consulting firm to conduct a gap analysis – the Risk Management Framework Project – related to risk identification, assessment, mitigation, implementation and communication practices. The aim was to produce a strategic framework for assigning roles and responsibilities associated with ERM. The report and its recommendations were delivered to the Corporation's cross-functional Risk Management Table at the end of 2005-06 fiscal year and subsequently adopted by the Board of Directors. The report will serve as a catalyst for completion of CCC's ERM architecture, which will be implemented in 2006-07.

Attendance:

The full Board met four times in 2005-06. All members were present at each meeting.

Board remuneration

Directors are paid an annual retainer and per diem.* Amounts are set by the Governor-in-Council pursuant to the *Financial Administration Act*:

- The Chair of the Board receives an annual retainer of \$9,400 and a per diem of \$375
- Other private sector directors receive an annual retainer of \$4,700 and a per diem of \$375
- Committee Chairs receive an additional retainer of \$1,500
- Public service directors do not receive remuneration

*The per diem is paid for attending meetings, travel and review of materials. Directors are also reimbursed for expenses, including travel, accommodations and meals.

Risk management

Given the nature of CCC's business – to help Canadian exporters access complex international public-sector markets where government-to-government contracts are required to supplement international trade rules or practices – risk management is of obvious and paramount importance.

Throughout 2005-06, CCC continued to implement its ERM program. The Board approved an ERM framework that visibly and clearly identifies strategic, operational and contract-related risks that impinge on the Corporation's defined objectives. Implementation of the program will begin in 2006-07.

ERM oversight

CCC's Board of Directors will ensure the currency and effectiveness of CCC's ERM program through regular reviews. Management will continue to develop and refine risk-management structures, policies and procedures, recommending them to the President and subsequent presentation to the Board.

As a proactive mechanism for managing and discussing risk, CCC established a Risk Table last year – a senior-management committee focused on risk-related issues. The Risk Table meets monthly to:

- a) Review risk-related policies and compliance measures
- b) Act as the ERM steering committee
- c) Monitor additional contract and related costs
- d) Review new business offerings from a risk perspective
- e) Review Post-Contract Management audit results
- f) Review quarterly risk reporting prior to submission to Board
- g) Report periodically to CCC Executive Committee and Board on risk-management activities
- h) Review project-specific risk issues as required

In 2005-06, all areas of CCC were reviewed to identify and define their specific risk-management functions and responsibilities.

Facing the risks

CCC has identified – and is vigilantly responding to – several categories and types of risk as outlined below.

Strategic risks

These have been identified by management and the Board as having the potential to interfere with achievement of CCC's corporate objectives. They include:

Mandate risks

CCC's success depends on its ability to support the government's trade agenda and to provide clients with valuable services. These services must not overlap with other government initiatives or Crown corporation activities. CCC must also meet all government regulations set out in the various acts governing Crown corporations*. The Commercial Initiatives Committee of CCC's Board of Directors is tasked with ensuring that these criteria are met for all products and services.

Branch

Aerospace, Defence and Security

Fact

CCC supports joint procurement between DND and allied militaries

The story

Canada and The Netherlands needed to outfit their naval frigates with SIRIUS infrared defence systems. The most cost-effective for both governments was to consolidate their orders through a single contract. Enter the CCC. We negotiated the contract, calling on our partner, Public Works and Government Services Canada (PWGSC), to act as the purchasing agent. Project value? CDN\$180,000,000.

*The Governance Committee attends to corporate compliance issues related to Part X of the Financial Administration Act.

Organizational risks

Management must ensure that the Corporation's structure directly supports its pursuit of its objectives. CCC began to restructure its Defence activities in 2005-06 and will finish that work in the present fiscal year, separating pre-and post-contracting responsibilities to increase efficiency and improve accountability.

Reputational risks

These can arise from events that tarnish CCC's brand, or from poor communication with the Corporation's stakeholders. To mitigate such risks, the Corporation initiated the development of a comprehensive corporate communication strategy to actively maintain positive stakeholder relations and reinforce CCC's brand.

Business Environment risks

Changes in the economy, shifting business needs, and evolving insurance and banking practices affect Canadian exporters' use and value-perception of CCC's services. The Board and management consider these trends when outlining priorities in CCC's corporate plan.

Operational risks

Each business unit within the Corporation manages the risk of loss resulting from inadequate or failed internal processes, people and systems. The risk owners are the Vice-Presidents of the business and functional units. The ERM team provides oversight and support where needed.

People risks

A stable work environment is critical to a successful human resources plan. During the year, management and the Professional Institute of the Public Service finalized negotiations on a new labour agreement – in force until June 2007 and retroactive to the expiry of the old agreement in June 2004. Training also plays an important role in employee development and maintaining a high-quality workforce. Responsibility for developing and implementing training programs was transferred in 2005-06 from Corporate Services to CCC's business and functional units with professional support from human resources, ensuring that training programs meet the needs of the various teams.

Information risks

Last year, the Corporation began a review of its information technology platform – resulting in the Board's approval of a major overhaul for the 2006-07 fiscal year. This renewal will improve efficiencies and reduce software complexity, simplifying future enhancements and maintenance.

Process risks

Two important process reviews commenced in 2005-06: 1) an external firm was engaged to review CCC's adherence to its post-contract management policies; and 2) the corporation's internal auditor was asked to perform a review of its pre-contract due diligence process. The results of both will be delivered to management and the Board early in 2006-07.

Branch

International Development

Fact

CCC helps build procurement capacity abroad

The story

When CCC was contracted to procure equipment and provide training on behalf of the Canadian International Development Agency (CIDA) for the 5th *Jeux de la Francophonie* in Niamey, Niger, the corporation worked closely with local non-governmental organizations to deliver necessary services in support of the event. As well, the CCC procured locally for a portion of the project provided training to help local staff improve their knowledge of – and skills in – logistics, communications, health and security.

Pre/post-procurement and contracting risks

CCC is sensitive to the need to protect taxpayers by effectively managing risk in its business transactions, specifically its export contracts and other procurement activities. The following are being addressed:

Contract risks

CCC currently has approximately \$1.9 billion in outstanding contractual obligations with foreign buyers. The terms and conditions of these contracts are a major source of CCC's overall risk; negotiating acceptable contractual terms and conditions is therefore key to overall risk management. Through negotiations, the Corporation minimizes its own risk – and in doing so reduces the risk for exporters as well, because their obligations to the Corporation mirror those under CCC's foreign contract.

Examples of contractual risks faced by CCC include: liquidated damages, timing of foreign payment flows in relation to exporter production cash flows, the location and basis of acceptance of goods or services, location of and basis for dispute resolution, and timing of foreign-party contractual obligations versus those of exporters. CCC passes all the obligations of the foreign contract to Canadian exporters via a back-to-back matching domestic contracts.

Branch

Aerospace, Defence and Security

Fact

CCC uses the tools at its disposal to deliver Canadian products to the world

The story

Through the Canada-U.S. Defence Production Sharing Arrangement (DPSA), the CCC makes it possible for Canadian companies to sell into the U.S. Department of Defense. But sometimes that's just the beginning. Last year, CCC provided contract support to I.M.P. Aerospace of Halifax, helping that company secure a US\$59 million contract for helicopter maintenance and support services with the U.S. military and, through it, to an ally, Egypt, as well.

Performance risks

These are associated with the potential failure of Canadian exporters to supply goods and services as contracted. Prior to entering into contracts, CCC conducts an extensive due diligence review of exporters' managerial, technical and financial capabilities and evaluates the risk related to a given foreign contract. In the case of DPSA projects, PWGSC conducts this risk assessment on behalf of CCC. Depending on the results, CCC may require additional assurances such as performance securities or contract modifications.

Last year, CCC withdrew the PPP since it duplicated offerings of EDC and, as a result, attracted mainly high-risk clients. This has reduced the number of high-risk clients using CCC services and improved the overall financial health of CCC's project portfolio.

Once a contract is signed, CCC actively monitors and manages the risks associated with post-commitment transactions. CCC's Post-Contract Management Manual outlines the proper contract-management practices and procedures.

Foreign credit risks

Foreign credit risk refers to the possibility that a foreign party will not honour its obligation to pay for goods or services as contracted with the Corporation. CCC's credit-risk policy determines the amount and extent to which it will entertain this risk on its own account. Generally, CCC accepts transactions with AAA credit-rated governments and commercial parties. In cases where the credit rating is lower than AAA, CCC mitigates its exposure by passing payment risks onto an appropriate third party.

Export contract foreign-exchange risks

The foreign currencies associated with contracts can fluctuate in relation to the Canadian dollar over the term of a contract, resulting potentially in lower Canadian-dollar revenues for exporters. CCC ensures that this risk resides with the exporter through its back-to-back contracting mechanism. CCC pays exporters only in the base currency of the foreign contract.

Finance

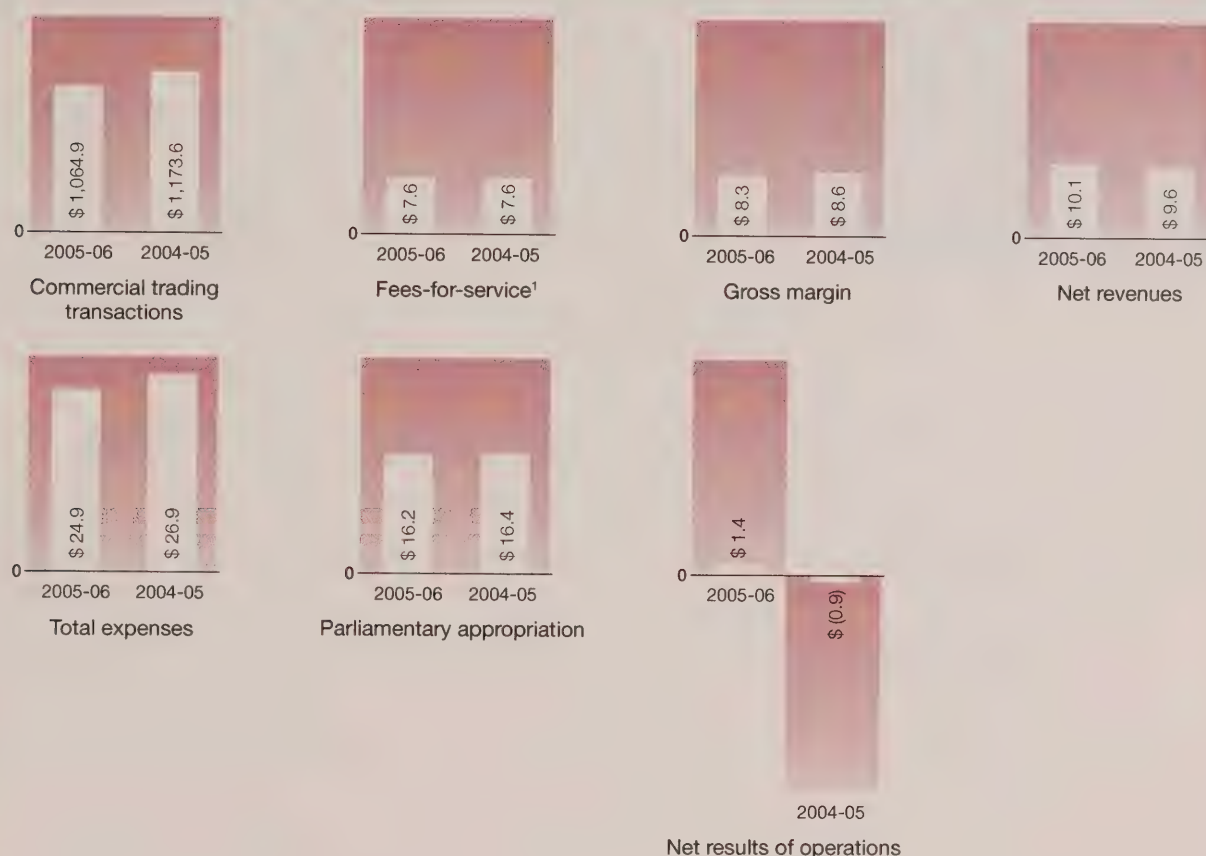
Financial highlights

The 2005-06 fiscal year was marked by the Corporation's return to profitability for the first time in three years. Notwithstanding the impact of an unfavourable level of additional contract and related costs, the Corporation not only matched its record level of fees for services, that was achieved last year, but was also able to minimize administrative expenses through a year of transition. In addition, the Corporation efficiently managed its accounts receivable resulting in higher cash balances and a 64% increase in interest income that was also aided by higher average interest rate yields.

A more detailed discussion of the Corporation's 2005-06 financial highlights follows:

Income statement discussion

Summary results of operations (millions)



¹ Fees-for-service are part of Commercial trading transactions and form the main component of Gross margin and Net revenues.

Branch

International Development

Fact

CCC works with Canadian partners to close deals abroad

The story

The Instituto Nacional de Cooperación Educativa (INCE) is Venezuela's largest apprenticeship training organization. Canada's Lab-Volt (Quebec) Ltd., a leading supplier of training laboratories and technologies, was the ideal choice to modernize INCE's facilities. Export Development Canada (EDC) came to the table with 85% of the export financing required; CCC pulled together the contracted architecture of the deal through its sovereign contract service, acting as prime contractor. Together, they helped Lab-Volt close a deal worth US\$37.4 million – the biggest in the company's history.

Commercial trading transactions include the Corporation's billings for work performed on outstanding signed contracts, fees-for-service and income generated from discounting exporters' receivables. The value of these transactions was slightly lower this year than last, mainly the result of the effects of a higher valued Canadian dollar that discounted project values and returns that had been contracted in U.S. dollars. For the third consecutive year, the Corporation achieved record-breaking orders received activity, however, due to the signing of two significant contracts late in the year, work performed (that would generate contract billings) related to these contracts had not commenced by year end.

Net revenues, comprised of the total of gross margin, net interest income, and gain (loss) on foreign exchange, increased by \$0.5 million compared to last year due exclusively to the greater interest income earned during 2005-06. The Corporation managed to improve its collection of accounts receivable that contributed to higher than planned cash balances. This coupled with higher interest yield rates contributed to the Corporation earning its highest level of interest income in the last four years, despite the higher valued Canadian dollar.

Total expenses decreased by \$2.0 million year-over-year, with administrative expenses \$1.1 million lower than last year and additional contract and related costs decreasing by \$0.9 million. Some of the major items comprising the administrative expenditures were:

- The Corporation's workforce consisting largely of highly skilled full-time employees, complemented by consultants and temporary hires to fill assignments requiring specific expertise cost \$10.2 million, approximately \$0.2 million higher than last year.
- PWGSC fees for service amounted to \$5.2 million annually on the core activities under the DPSA. Over and above this amount, \$0.2 million was paid for PWGSC involvement on special projects (outside core services), the same amount as in 2004-05.
- Rent for the premises amounted to almost \$1.2 million, slightly higher than the amount expended in 2004-05 by \$0.2 million.
- Travel, principally for operations requirements to secure or manage the over \$1.0 billion in international contracts, amounted to \$0.7 million, \$0.3 million lower than the amount spent in 2004-05.
- Computer hardware, software and support costs not including full-time employees that are included in the workforce were \$0.9 million, \$0.2 million lower than the amount expended last year.
- Communication and publication costs amounted to \$0.3 million, \$0.6 million lower than the previous year.
- The amortization of capitalized assets associated with the Corporation's overhaul of its computer system and leasehold improvements, totalled \$0.8 million, slightly higher than the amount in 2004-05.
- Other expenses, including training, telecommunications, courier and translation were \$0.4 million lower than in 2004-05.

Additional contract and related costs of \$4.3 million, were less than the \$5.2 million recorded in the previous year. The amount was determined based on the reassessment of estimated costs to settle problem or disputed contracts existing from previous years.

The Corporation closely monitors its administrative expenditures and uses the ratio of administrative expenditures to commercial trading transactions to measure its administrative expenditure efficiency, with an objective not to exceed 2 percent – a figure that was achieved this year and last.

In 2005-06, at \$16.2 million, the Corporation received less appropriation from Parliament than in the previous year. The reduction of \$218,000 represented the Corporation's contribution to the Government-Wide Expenditure Review Committee (ERC) for the year. The Corporation is scheduled to contribute an additional \$218,000 for a total reduction of \$436,000 in 2006-07 and another \$220,000 for a total reduction of \$656,000 in 2007-08 and thereafter.

Balance sheet discussion

Summary financial position (millions)



Total assets of \$332.0 million at March 31, 2006, were marginally lower than the previous fiscal year-end.

As an international trade intermediary, CCC for the most part offsets its trading-related assets with matching liabilities. Accounts receivable from foreign customers and progress payments to Canadian exporters are largely offset by accounts payable and accrued liabilities to Canadian exporters, as well as by progress payments from foreign customers.

In certain circumstances, however, the Corporation does have a need for other sources of working capital to bridge timing differences between its payables and receivables. CCC's statutory power to borrow commercially up to \$90 million provides it with useful flexibility to manage such variations.

CCC's capital assets increased by a net \$586,000 in 2005-06. A total of \$1.4 million, capitalized for leasehold improvements, was offset by amortization costs of \$0.8 million.

The Corporation's provision for additional contract and related costs increased by approximately \$1.6 million during the year. A net increase to the provision of \$4.2 million was offset by \$2.3 million in cash disbursements related to settlements of contracts not fulfilled by Canadian exporters and \$0.3 million in reductions to other assets.

The value of the equity investment of the Government of Canada in CCC was slightly higher in 2005-06 at approximately \$40.5 million. The Corporation's equity backstops the normal commercial risks inherent in its contract portfolio of undelivered contracts totalling approximately \$1.9 billion at year-end.

Changes in cash flow discussion

Summary of cash flow – Cash provided (used) by (millions)



Cash and short-term deposits at March 31, 2006 increased by \$6.2 million compared to the previous year. This can be identified under two key activity areas:

Operating activities

For 2005-06, the Corporation provided \$7.8 million in cash from its operating activities, as compared to the \$6.6 million provided by operating activities in 2004-05.

Excluding the positive impact of cash received from the parliamentary appropriation, annual cash flow from the Corporation's mandated service would otherwise produce negative cash flows due to the payment policies in its DPSA business, where the Corporation pays Canadian exporters in 30 days from receipt of invoice irrespective of when it receives payment from the U.S. Government. Excluding the impact of the parliamentary appropriation, cash flows would have been negative \$7.2 million in 2005-06 compared to negative \$9.8 million in 2004-05. Also in 2005-06, lower amounts were disbursed in settlement of contracts not fulfilled by Canadian exporters.

Cash provided by the parliamentary appropriation amounted to \$15.0 million for the year ended March 31, 2006. This was lower than \$16.4 million received in 2005 because of \$1.2 million included in receivable from the Government of Canada and \$0.2 million due to the Government-Wide ERC initiative referenced in the income statement discussion.

Investing activities

During the year, the Corporation re-negotiated its lease agreement for office space and in the process performed leasehold improvements amounting to \$1.4 million that will be amortized over the remaining life of the lease agreement.

Comparison with 2004-05 to 2008-09 Corporate Plan

2005-06 was a positive year for the Corporation from a revenue generation perspective. CCC exceeded its gross revenue target of \$9.5 million by \$0.8 million, as Canadian exporters confirmed the value they place on CCC's services and expertise in developing successful projects. Specifically, the Corporation surpassed its \$7.3 million fee-for-service revenue target, generating \$7.6 million in its fourth year of implementation, matching highest level of fee-for-service revenues achieved last year. Net interest revenue results were greater than planned by more than \$0.6 million, due primarily to improved receivable collection efforts that reduced the Corporation's commercial borrowing costs and enabled the Corporation to sustain greater than planned cash balances to invest throughout the year.

While foreign exchange translation losses were held to a minimum by specific programs designed to control such losses, the Corporation posted a larger foreign exchange translation loss than budgeted, due to a greater than expected appreciation of the Canadian dollar versus the U.S. dollar throughout the year. The Canadian dollar strengthened as compared to its U.S. dollar counterpart from 0.8267 U.S. (1.2096 CAD) at March 31, 2005, to 0.8562 U.S. (1.1680 CAD).

Additional contract and related costs exceeded budgeted levels (based on historical trends) by \$1.4 million. This resulted from problems related to a small number of SME facilitated contracts signed prior to 2003 that have further evolved from the previous year, however, are resolved or very close to being resolved. The Corporation will continue its efforts to strengthen its internal processes to ensure that optimal risk management and monitoring are in place for all contracts.

Management responsibility for financial statements

The financial statements of the Canadian Commercial Corporation and all information in this annual report are the responsibility of management. The statements have been prepared in accordance with Canadian generally accepted accounting principles, using management's best estimates and judgments, where appropriate. Financial information presented elsewhere in the annual report is consistent with the statements.

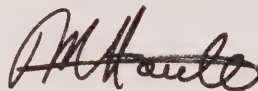
In support of its responsibility, management has developed and maintains books of account, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information that assets are safeguarded and controlled, and that transactions of the Corporation are in accordance with the *Financial Administration Act* and regulations and, as appropriate, the *Canadian Commercial Corporation Act* and the by-laws of the Corporation.

The Audit Committee oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting. The Audit Committee meets with management and the internal and external auditors to review the manner in which these groups are performing their responsibilities and to discuss auditing, internal controls and other relevant financial matters. The Audit Committee has reviewed the financial statements with the external auditor and has submitted its report to the Board of Directors. The Board of Directors has reviewed and approved the financial statements.

The Corporation's external auditor, the Auditor General of Canada, audits the financial statements in accordance with Canadian generally accepted auditing standards, and expresses her opinion on the financial statements.



John McBride
President and CEO



Michel Houle, CMA
Vice-President, Risk and
Financial Services and CFO

Ottawa, Canada
May 19, 2006



Auditor's report

To the Minister of International Trade

I have audited the balance sheet of the Canadian Commercial Corporation as at March 31, 2006 and the statements of operations and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Canadian Commercial Corporation Act* and the by-laws of the Corporation.



Douglas G. Timmins, CA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 19, 2006

Balance Sheet

As at March 31 (in thousands of dollars)

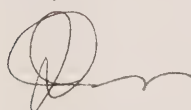
	2006	2005
Asset		
Cash and cash equivalents (Note 4)	\$ 62,650	\$ 56,453
Accounts receivable (Note 5)	179,266	201,329
Receivable from the Government of Canada (Note 14)	1,149	6
Advances to Canadian exporters	28,411	22,284
Progress payments to Canadian exporters	58,297	68,335
	329,773	348,407
Capital assets (Note 6)	2,238	1,652
	\$ 332,011	\$ 350,059
Liabilities		
Account payable and accrued liabilities (Note 5)	\$ 182,838	\$ 192,041
Advances from foreign customers	44,397	42,385
Progress payments from foreign customers	56,833	70,735
Provision for additional contract and related costs (Note 9)	6,431	4,804
	290,499	309,965
Employee future benefits (Note 7)	977	981
	291,476	310,946
Contractual obligations, contingencies and commitments (Note 8, 10 and 15)		
Equity of Canada		
Contributed surplus (Note 1)	28,000	28,000
Retained earnings	12,535	11,113
	40,535	39,113
	\$ 332,011	\$ 350,059

The accompanying notes are an integral part of the financial statements.

Approved:



Alan R. Curleigh
Chair, Board of Directors



John Duffy, CA
Chair, Audit Committee



Statement of Operations and Retained Earnings

For the year ended March 31 (in thousands of dollars)	2006	2005
Revenues		
Commercial trading transactions (Note 11)	\$ 1,064,941	\$ 1,173,605
Less: cost of commercial trading transactions	1,056,634	1,165,012
Gross margin	8,307	8,593
Net interest income	2,020	1,230
Loss on foreign exchange	(224)	(226)
Net revenues	10,103	9,597
Expenses		
Additional contract and related costs (Note 9)	4,272	5,182
Administrative expenses (Note 12)	20,590	21,671
Total expenses	24,862	26,853
Net results of operations before Parliamentary appropriations	(14,759)	(17,256)
Parliamentary appropriations (Note 14)	16,181	16,405
Net results of operations	1,422	(851)
Retained earnings at beginning of year	11,113	11,964
Retained earnings at end of year	\$ 12,535	\$ 11,113

The accompanying notes are an integral part of the financial statements.

Statement of Cash Flows

For the year ended March 31 (in thousand of dollars)

2006

2005

Cash flows from operating activities

Receipts from foreign customers	\$ 1,066,807	\$ 1,156,026
Interest received	2,020	1,230
Fees for service and other income received	8,307	8,593
Payments to Canadian exporters	(1,064,347)	(1,154,357)
Administrative payments	(20,035)	(21,268)
Parliamentary appropriations	15,038	16,399
Cash provided by operating activities	7,790	6,623

Cash flows from investing activities

Purchase of capital assets	(1,369)	(100)
Cash used in investing activities	(1,369)	(100)
Effect of exchange rate changes on cash and cash equivalents	(224)	(226)
Increase in cash and cash equivalents	6,197	6,297
Cash and cash equivalents at beginning of year	56,453	50,156
Cash and cash equivalents at end of year	\$ 62,650	\$ 56,453

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements

March 31, 2006

1. Nature, organization and funding

The Canadian Commercial Corporation (the “Corporation”) was established in 1946 by the *Canadian Commercial Corporation Act* (the “Act”) and is an agent Crown corporation listed in Part 1 of Schedule III of the *Financial Administration Act*.

The Corporation generally acts as the prime contracting agency when foreign governments, international organizations, or foreign private sector buyers wish to purchase products and services from Canada through the Canadian Government. The Corporation enters into contracts with these foreign customers and into corresponding supply contracts with Canadian exporters.

Parliament has provided the Corporation with \$28 million as contributed surplus. Annually, the Corporation’s operations are funded primarily through a combination of parliamentary appropriations, interest income, cost recovery, fees for service and discounting revenues.

The Corporation is not subject to the provisions of the *Income Tax Act*.

2. Significant accounting policies

These financial statements were prepared in accordance with Canadian generally accepted accounting principles. A summary of significant policies follows:

(a) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. The most significant management estimates are the provision for additional contract and related costs and the provision for employee future benefits. Actual results could differ significantly from those estimates as factors impacting the ability of Canadian exporters to fulfill their contracts change or there are changes in the Corporation’s discount rate and rate of compensation increases.

(b) Contracts

The Corporation records its commercial trading revenues, and related costs, when a delivery has taken place thus passing title of the purchased goods to the foreign customer, or, in the case where the contract provided for progress payments, upon acceptance by the Corporation for work performed.

Progress payments, where allowed, represent payments from foreign customers and payments to Canadian exporters on contracts associated with the work performed on a contract leading up to delivery. Usually these payments represent up to 75 percent of costs incurred. Since title has not yet passed to foreign customers, the Corporation recognizes the progress payments made to Canadian exporters as an asset and the progress payments received from foreign customers as a liability. Progress payment assets and liabilities are reduced upon completion of delivery and acceptance by the foreign customer.

Advances from foreign customers and advances to Canadian exporters represent a down payment made at the outset of the contract before any work has been performed. The Corporation recognizes the advances made to Canadian exporters as an asset and the advances received from foreign customers as a liability. Advances made and received are reduced upon completion of delivery and acceptance by the foreign customer.

Prior to the amendment of the *Canadian Commercial Corporation Act* on April 19, 2002, the Corporation was only allowed to recover costs directly incurred upon securing specific international contracts. Amounts recovered on international contracts signed prior to this date are recognized in commercial trading revenues as earned when:

- (1) deliveries have been made by the Canadian exporter; or
- (2) substantial work has been performed by the Canadian exporter in the case of progress payments.

Upon the coming into force of this amendment to the Act, the Corporation was permitted to charge commercial fees for services. Commercial fees generated on international contracts signed on or subsequent to April 19, 2002 are recognized in commercial trading revenues when services are rendered.

The Corporation also offers, in certain circumstances, early payment on amounts owing to Canadian exporters in exchange for a fee. This discounting revenue is determined by applying a set percentage ranging from 0.03%, for one day of advance payment, to 1.32%, for forty days of advance payment.

Finally, the Corporation is responsible for ensuring that the terms of the contract with the foreign customer are fulfilled regardless of the quality of performance by the Canadian exporter. If the Canadian exporter fails to fulfill its domestic contract obligations to the Corporation, the Corporation may encounter additional contract and related costs. These costs and the associated provision are determined on a contract-by-contract basis, and include completion, re-procurement, associated legal and other costs that are based on quotes or estimates. These costs are recorded in the statement of operations in the year in which the non-performance is identified and the additional costs to be incurred by the Corporation are reasonably determinable.

(c) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the year-end exchange rates. Revenues and expenses are translated at the average monthly exchange rate. Any gains or losses on foreign currencies are recorded as a gain or loss on foreign exchange on the Statement of Operations and Retained Earnings.

Working capital is maintained in currencies other than Canadian dollars to facilitate cash flows between foreign customers and Canadian exporters.

(d) Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits and temporary investments, maturing in less than three months from acquisition date.

(e) Capital assets

Capital assets include costs associated with the design and development of information systems and leasehold improvements that are recorded when significant. Information systems are amortized after technological feasibility is established on a straight-line basis over the estimated useful life of five years. Leasehold improvements are amortized on a straight-line basis over the remaining life of the lease agreement.

(f) Parliamentary appropriations

Parliamentary appropriations that are not in the nature of contributed surplus are recorded as funding in the year for which they are appropriated, except for appropriations restricted by legislation and related to expenses of future periods which are deferred and recognized as funding in the period in which the related expenses are incurred. Appropriations used for the purchase of capital assets are deferred and amortized into income on the same basis as the related asset.

(g) Employee future benefits

i) Pension benefits

All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Corporation's contributions reflect the full cost as employer. This amount is currently based on a multiple of an employee's required contributions and may change over time depending on the experience of the Plan. The Corporation's contributions are expensed during the year in which the services are rendered and represent the total pension obligation of the Corporation. The Corporation is not currently required to make contributions with respect to any actuarial deficiencies of the Public Service Pension Plan.

ii) Employee severance benefits

Employees are entitled to severance benefits, as provided for under labour contracts and conditions of employment. The cost of these benefits is accrued as employees render the services necessary to earn them. The cost of the benefits earned by employees is actuarially determined using the projected benefit method prorated on services. The valuation of the liability is based upon a current market-related discount rate and other actuarial assumptions, which represent management's best long-term estimates of factors such as future wage increases and employee resignation rates. The excess of any net actuarial gain (loss) over 10% of the benefit obligation is amortized over the average remaining service period of active employees. The average remaining service period of active employees covered by this plan is 12 years (2004 – 12 years). These benefits represent the only obligation of the Corporation that entails settlement by future payment.

The last full actuarial evaluation was done March 31, 2006 and the next one is scheduled for March 31, 2008.

3. Fair value of financial instruments

The fair value of cash and cash equivalents, accounts receivable, advances to Canadian exporters, progress payments to Canadian exporters, accounts payable and accrued liabilities, advances from foreign customers and progress payments from foreign customers, since they have short maturities, are equivalent to their carrying amounts.

4. Cash and cash equivalents

As at March 31, 2006, cash and cash equivalents included (in thousands of dollars):

			2006	2005
	Original currency	Canadian dollars	Original currency	Canadian dollars
Canadian dollars	36,318	\$ 36,318	35,824	\$ 35,824
U.S. dollars	22,282	26,026	\$ 14,392	17,408
Australian dollars	140	117	2,811	2,627
British pound sterling	–	–	174	397
Eastern Caribbean dollars	434	189	434	197
		\$ 62,650		\$ 56,453

The Corporation invests in short-term deposits in Canadian banks. At March 31, 2006, the average term to maturity of short-term deposits was 1 day (2005 – 1 day). The portfolio yield to maturity at March 31, 2006, was 4.13% (2005 – 2.54%). Cash and cash equivalents are recorded at cost, which approximates fair value.

Of the cash and cash equivalents, \$16,725,000 (2005 – \$19,992,000) represents funds received from foreign customers which will be remitted to Canadian exporters at later dates in accordance with contracts. Where contracted, these funds may accrue interest to the credit of the Canadian exporter or foreign customer.

5. Accounts receivable and accounts payable and accrued liabilities

Accounts receivable are based on normal international trade terms and are generally non-interest bearing. The maturity profile of the Corporation's accounts receivable was as follows:

(in thousands of dollars)	2006	2005
< 1 year	\$ 174,222	\$ 198,136
> 1 and < 3 years	\$ 4,851	\$ 3,193
> 3 and < 5 years	\$ 193	\$ –

Accounts payable are due on normal trade terms, except for accounts payable to certain small-medium enterprises with contracts signed prior to January 2001. Where these contracts have not been completed, related accounts payable are paid within 15 days. The maturity profile of the Corporation's accounts payable was as follows:

(in thousands of dollars)	2006	2005
< 1 year	\$ 178,432	\$ 189,114
> 1 and < 3 years	\$ 4,406	\$ 2,927

6. Capital assets

Year ended March 31 (in thousands of dollars)

			2006	2005
	Cost	Accumulated amortization	Net book value	Net book value
Information systems	\$ 3,683	\$ 2,768	\$ 915	\$ 1,652
Leasehold Improvements	1,369	46	1,323	–
	\$ 5,052	\$ 2,814	\$ 2,238	\$ 1,652

Included in administrative expenses was \$783,000 (2005 – \$717,000) of amortization.

7. Employee future benefits**(a) Pension benefits**

The Corporation and all eligible employees contribute to the Public Service Pension Plan. This pension plan provides benefits based on years of service and average earnings at retirement. The benefits are fully indexed to the increase in the Consumer Price Index. The Corporation's and employees' contributions to the Public Service Pension Plan for the year were as follows:

(in thousands of dollars)

	2006	2005
Corporation's contribution	\$ 808	\$ 756
Employees' contributions	\$ 335	\$ 339

(b) Severance benefits

The Corporation provides severance benefits to its employees based on years of service and final salary. This benefit plan is unfunded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. Benefits will be paid from future appropriations. Information about the plan, measured as at the balance sheet date, is as follows:

(in thousands of dollars)

	2006	2005
Accrued benefit obligation		
Balance at beginning of year	\$ 999	\$ 951
Current service cost	71	68
Interest cost	60	57
Benefits paid	(135)	(70)
Actuarial (gain) losses	166	(7)
Balance at end of year	\$ 1,161	\$ 999
Accrued benefit obligation at end of the year	\$ 1,161	\$ 999
Unamortized net actuarial losses	(184)	(18)
Accrued benefit liability at end of year	\$ 977	\$ 981
Accrued benefit obligation as of March 31		
Discount rate	6.15%	6.05%
Rate of compensation increase	2.50%	1.50%
Benefit costs for year ended March 31		
Discount rate	6.15%	6.05%
Rate of compensation increase	2.50%	1.50%

8. Contractual obligations, borrowings and risk management

(a) Contractual obligations

The Corporation is obligated to complete numerous contracts with foreign customers. As of March 31, 2006 the total contract portfolio value remaining to be fulfilled approximates \$1.9 billion (2005 – \$1.4 billion). The profile of the Corporation's total contract portfolio was as follows:

(in thousands of dollars)	2006	2005
< 1 year	\$ 1,050,695	\$ 694,016
> 1 and < 3 years	\$ 583,163	\$ 442,190
> 3 and < 5 years	\$ 191,533	\$ 245,367
>5 years	\$ 35,281	\$ –

The Corporation has contractual recourse to Canadian companies to fulfill its contractual obligations. Depending upon the results of its due diligence, the Corporation may supplement this recourse through the provision of commercial securities including holdbacks, bank guarantees, surety bonds, parent guarantees, insurance assignments, property liens, personal guarantees and shareholder cash held in trust with the Corporation.

(b) Borrowings and other credit arrangements

The *Canadian Commercial Corporation Act* permits the Corporation to borrow from the Consolidated Revenue Fund or enter into other credit arrangements or indemnities from other sources for an amount not to exceed \$90 million.

The Corporation opened a revolving credit facility providing access to funds in the amount of \$40 million Canadian or its U.S. dollar equivalent. Indebtedness under this agreement is unsecured and this credit facility has no expiry date. As at March 31, 2006, there were no draws on this line of credit (2005 – nil).

Under the Progress Payment Program, the Corporation indemnified participating banks for amounts they had advanced to Canadian exporters. The Corporation may claim title to the works in progress should a Canadian exporter fail to complete a contract. The amount of outstanding indemnities as of March 31, 2006 was \$431,000 (2005 – \$731,000) and were related to transactions due to be completed in the next year. During the year, the Corporation confirmed its intention to exit from the Progress Payment Program. However, there remain two lines of credit outstanding that will be repaid before March 31, 2007.

Besides claiming title to the works in progress, the Corporation may supplement this recourse depending upon the results of its due diligence through the provision of commercial securities including parent guarantees, insurance assignments, property liens, personal guarantees and shareholder cash held in trust with the Corporation.

Under a specific series of financing contracts, included in accounts payable and accrued liabilities, the Corporation owed \$35,836,000 as of March 31, 2006 (2005 – \$26,754,000). These contracts bear interest at the cost of funds plus 0.25% and the Corporation has offered as security certain foreign accounts receivable under certain conditions. The Corporation, however, also has access to a number of commercial securities should the foreign party fail to repay these receivables. The amount of outstanding accounts receivable offered as securities under these arrangements as of March 31, 2006 was \$36,681,000 (2005 – \$30,771,000) and was profiled as follows:

(in thousands of dollars)	2006	2005
< 1 year	\$ 31,989	\$ 27,578
> 1 and < 3 years	\$ 4,692	\$ 3,193

(c) Risk management

In addition to the risk management practices related to the Corporation's contractual obligations, the Corporation generally manages foreign customer credit risk by extending open account terms to parties with a credit rating of at least AAA, and seeks security where the rating falls below this threshold. During the year, 93.50% of the Corporation's commercial trading transactions were with AAA customers.

To address foreign exchange risks, contracts with foreign customers and corresponding contracts with Canadian exporters are generally transacted in the same currency. The Corporation uses this strategy to effectively transfer the currency risk to the Canadian exporter.

9. Provision for additional contract and related costs

The Corporation may incur additional contract and related costs should Canadian exporters fail to fulfil the terms of their contracts. The Corporation has recorded an expense of \$4,272,000 (2005 – \$5,182,000) related to the additional contract and related costs, leaving a balance of \$6,431,000 as of March 31, 2006 (2005 – \$4,804,000), representing management's best estimate of the additional costs which will likely be incurred by the Corporation to meet its contractual obligations.

10. Contingencies

The Corporation is the claimant or defendant in certain pending claims and lawsuits. While the damages being claimed by the plaintiffs are significant, management believes, based on advice from legal counsel, that the potential liabilities of the Corporation and consequent damages or awards arising from such liabilities are, at present, not determinable.

Amounts payable, if any, will be recorded in the year in which they can be determined.

In respect of a prior judgment that was rendered against the Corporation and Public Works and Government Services Canada (PWGSC) by the Ontario Court Superior Division for an amount of \$30 million plus interest from October 1985, the date the cause of the action arose, the Court of Appeal for Ontario released their decision on July 5, 2005, and set aside the previous trial judgment and dismissed the claimant's action. The claimant proceeded to apply for an application for leave to appeal with the Supreme Court of Canada. On February 16, 2006, the Supreme Court of Canada dismissed the claimant's application for leave to appeal.

11. Commercial trading transactions

Commercial trading transactions arising from the Corporation's facilitation of sales of Canadian goods to foreign customers, which includes governments, international agencies and other buyers throughout the world, were as follows:

Year ended March 31 (in thousands of dollars)	2006	2005
U.S. government and other buyers	\$ 837,916	\$ 818,820
Other foreign governments and buyers	227,025	354,785
	\$ 1,064,941	\$ 1,173,605

Commercial trading transactions were comprised of contract billings of \$1.1 billion (2005 – \$1.2 billion) and fees for services and other income of \$8,307,000 for the year ended March 31, 2006 (2005 – \$8,593,000).

Orders received are distinct from commercial trading transactions. Orders received describe the value of contracts and amendments signed during the year which amounted to \$1.6 billion for the year ended March 31, 2006 (2005 – \$1.5 billion).

12. Administrative expenses

Administrative expenses included the following:

Year ended March 31 (in thousands of dollars)	2006	2005
Workforce compensation	\$ 10,205	\$ 10,050
Contract management services (2005 net of \$433,000 in recovered costs re. Note 14(a))	5,380	5,380
Rent	1,158	966
Software, hardware and support	902	1,118
Amortization	783	717
Travel and hospitality	699	1,021
Other expenses	537	587
Human resource training and other initiatives	369	616
Communication and publications	312	939
Telecommunications, courier and translations	245	277
	\$ 20,590	\$ 21,671

13. Related party transactions

The Corporation is related in terms of common ownership to all Government of Canada departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business.

(a) Public Works and Government Services Canada

Public Works and Government Services Canada provides contract management and other administrative services to the Corporation at negotiated rates, based in part on the amount of contracts procured, and provides certain functions at cost.

For the year ended March 31, 2006, the cost of these services amounted to \$5,503,000 (2005 – \$5,935,000) and is included in administrative expenses.

In one circumstance, Public Works and Government Services Canada provided the Corporation with contract management services at no additional cost. It was not practicable to determine the cost of these services. Accordingly, the value of these services was not recorded in the Corporation's accounts.

(b) Department of Justice

The Department of Justice provides legal services to the Corporation and represents it in certain matters. The Corporation pays for these legal services and expenses incurred in connection with specific actions. For the year ended March 31, 2006, the cost of such legal fees and expenses in the amount of \$391,000 (2005 – \$402,000) was included in administrative expenses, and the amount of \$224,000 (2005 – \$232,000) was included in additional contract and related costs.

(c) Privy Council Office

The Corporation allows its employees to participate in interchange employee programs with other departments or agencies. For the year ended March 31, 2006 the Corporation recovered salaries and benefits charges of \$94,000 (2005 – \$167,000).

(d) Other

The Corporation has also entered into commercial trading transactions with the following related government entities:

(in thousands of dollars)	2006	2005
Canadian International Development Agency	\$ 38,213	\$ 12,921
Department of National Defence	\$ 12,886	\$ 16,816
Natural Resources Canada	\$ 1,345	\$ 1,324
Environment Canada	\$ 498	\$ 416
Consulting and Audit Canada	\$ 248	\$ 805
Industry Canada	\$ 54	\$ –
Crown Assets Distribution Centre	\$ 50	\$ –

As a result of all related party transactions, the amounts due from and to these parties were \$13,100,000 (2005 – 6,495,000) and \$199,000 (2005 – \$6,908,000) and were included in accounts receivable and accounts payable respectively.

14. Parliamentary appropriations

During the year, the Parliament of Canada authorized appropriations for the Corporation in the amount of \$16,181,000 (2005 – \$16,405,000). As of March 31, 2006, an amount of \$1,149,000 (2005 – \$6,000) had not been drawn down and is included in receivable from the Government of Canada.

15. Commitments

In October 2005, the Corporation entered into a fifteen-year lease agreement for office space scheduled to expire at the end of September 2020. Future minimum payments by fiscal year on the operating lease for premises over the next five years are as follows:

(in thousands of dollars)	
2006-07	\$ 1,282
2007-08	1,296
2008-09	1,311
2009-10	1,326
2010-11	1,342
2011 and after	17,353

16. Comparative Figures

Certain 2004-05 figures have been reclassified to conform with the current year presentation.

CCC Board of Directors



Bottom Row, L-R

Ken Sunquist
Assistant Deputy Minister
World Markets Branch
International Trade Canada

Martine Corriveau-Gougeon
President
Gestion Corriveau-Gougeon Inc.

Andrew Saxton
Chairman
King George Financial Corporation

Second Row, L-R

Norman A. Turnbull, CA
President
NAT Expertise/Conseil

Alan R. Curleigh
Chair of the Board
Canadian Commercial Corporation

John McBride
President
Canadian Commercial Corporation

Peter M. Wright
President
Patterson Palmer Hunt Murphy

John Duffy, CA
Chief Financial Officer and Vice President, Finance
Neate Roller Limited

Not pictured

David W. Stapley
President, DRS Technologies., and Senior
Vice President, International Business
Development, Government Relations,
DRS Technologies Inc.

CCC Officers

John McBride
President

Emechete Onuoha
Vice President, Corporation Development

Pierre Lemay
Vice President, International Development Branch

Michel Houle, CMA
Vice President, Risk and Financial Services

Robert Ryan
Vice President, Aerospace, Defence and Security

Tamara Parschin-Rybkin, QC
Corporate Counsel and Corporate Secretary

Glossary of terms

Additional contract costs:

Costs incurred by the Corporation to meet its contractual obligations to foreign buyers when suppliers are unable to meet their contractual commitment to CCC. This may include the cost of repurchase or the cost of compensation.

Appropriations:

Funding CCC receives from the Government of Canada to manage DoD/NASA prime contracts.

Billings:

Work performed on a contract in the form of deliveries or progress payments.

Capital projects:

A project where a significant portion of the work is performed by a Canadian exporter, or by its subcontractor, in a foreign country and/or the contract contains a significant supply risk associated with the long-term sale of commodities.

Contract amendment:

Variation to the original signed contract.

Contract billings:

The total amount the Corporation invoiced to foreign customers for the delivery of products and services.

Contract performance guarantee:

An assurance provided to the foreign buyer that CCC, as an agency of the Government of Canada, will perform the contract in accordance with its terms and conditions.

Contract risk:

Possibility that a party to the contract may not meet the terms and conditions of the contract.

Credit risk:

Possibility of a contract party failing to meet its financial/payment commitments.

Defence Production Sharing Arrangement (DPSA):

Agreement signed in 1956 between Canada and the United States to allow Canadian industry to compete with U.S. firms for defence contracts on a commercial basis.

Enterprise Risk Management:

A continuous, proactive and systematic process to understand, manage and communicate risk from an organization-wide perspective.

Fees-for-service:

Direct and indirect costs including risk premium and appropriate service fees charged to Canadian exporters or foreign buyers using CCC services.

Gain/Loss on foreign exchange translation:

Gain/loss resulting from the movement in the exchange rate, which affects the Canadian value of the Corporation's foreign exchange holdings.

Procurement agent:

This is CCC's role when it sources products and services on behalf of Canadian government departments and foreign government buyers.

Progress payments:

Payments from foreign customers and to Canadian exporters on contracts where the partial recoupment of costs associated with the work performed on a contract leading up to delivery is allowed.

Small- and medium-sized enterprises (SMEs):

Canadian entities with annual sales of less than \$25 million.

Sovereign contract:

Legally binding agreement between the Corporation (on behalf of the Government of Canada) and Canadian exporters or foreign buyers, with respect to the supply of a product and/or service.

Value of orders received

Represents the total value of contracts and amendments signed during the year, and are distinct from billings that reflect the value of work that is performed on directly facilitated exports. Billings measure the actual deliveries being made or relate to in-progress work that has been completed after a contract has been signed and is effective.

1			2
3	3		

Cover photo credits:

- 1. Department of National Defence (DND)
- 2. Department of National Defence (DND)
- 3. IDRC Photo: D. Mowbray



The CCC story

CCC helps Canadian exporters access complex international public sector markets where government-to-government contracts are necessary to supplement trade rules and practices.

Our main business is government-to-government contracting and procurement in defence and developing country markets.

CCC strives to be a trusted centre of contracting expertise and to cultivate effective, practical international trade partnerships to achieve results for Canadian exporters.

Our Office

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2006-07 ANNUAL REPORT








Organizational Transformation

- CCC worked with 197 Canadian exporters in defence, and emerging and developing country markets in 25 countries

PERFORMANCE HIGHLIGHTS

- 76% of new orders in 2006–07 were from the United States, contributing to a stronger integrated North American defence industrial base
- 24% of new business was in emerging and developing markets
- \$1.2B in total business volume
- Operating surplus of \$3.5M
- Total fees of \$8.5M, the highest ever recorded for CCC
- Concluded Memoranda of Understanding with key partners

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PERFORMANCE HIGHLIGHTS

The Canadian Commercial Corporation's work is guided by its mandate — to assist in the development of trade between Canada and other countries in areas where there is a clear role for the federal government.

This makes CCC a key partner in the promotion and development of Canada's international trade.

2006–07 was an excellent year for CCC. Having achieved greater clarity in its mandate, the Corporation reorganized its business operations to be more strategic in its approach with Canadian exporters and foreign government buyers. CCC worked with Canadian exporters with a renewed sense of purpose. The result — increased international contracts and the highest operating surplus in recent years — is tangible evidence of the success of the new strategy.

CCC was created sixty years ago and its fundamental public policy objective remains relevant — to connect Canadian exporters with defence, and emerging and developing country market opportunities. CCC accomplishes this by continually building unique relationships and maintaining international contracting and procurement expertise to support Canadian exporters.

CCC's business is achieved through close collaboration with Canadian exporters, government departments and foreign government buyers. The Corporation's renewed business model, strongly supported by the Board of Directors and its shareholder, the Government of Canada, is focused in regions and with partners where CCC can make a difference. For foreign governments, CCC has the advantage of being a part of the Government of Canada, a trustworthy and reliable partner. Similarly, for the Canadian exporter, CCC is able to utilize the

Government of Canada's relationships with other governments to help these exporters move their projects forward. This year CCC worked with Canadian exporters in 25 countries with a total business volume of \$1.2B.

Significant achievements for 2006–07 include:

- >> CCC worked with 197 Canadian exporters in defence, and emerging and developing country markets.
- >> 76% of new orders in 2006–07 were from the United States, contributing to a stronger integrated North American defence industrial base.
- >> 24% of new business was in emerging and developing markets.
- >> Operating surplus of \$3.5M.
- >> Total fees of \$8.5M, the highest ever recorded for CCC.



>> Concluded Memoranda of Understanding (MOU) with key partners:

- *Department of Foreign Affairs and International Trade (DFAIT) — strategic initiatives for reaching Canadian companies in regions across Canada.*
- *DFAIT — strategic initiatives to support the Global Peace and Security Fund (GPSF) and the Counter-Terrorism Capacity Building Program (CTCBP) in fragile states and conflict zones.*
- *Export Development Canada (EDC) and DFAIT — joint business development and information sharing to create seamless solutions in support of Canadian exporters and investors.*

>> The Assistant Deputy Minister Materiel (ADM Materiel) from the Department of National Defence (DND) appointed to the Board of Directors, which will help Canadian exporters in defence markets learn of allied government procurement opportunities, and facilitate linkages and a coordinated approach between DND and CCC.

>> Winner of two federal government awards:

- *Treasury Board Award of Excellence for Outstanding Teamwork in developing online client services.*
- *Government of Canada Workplace Charitable Campaign (GCWCC) Award for Payroll Deductions — 97% of monies raised by CCC employees for the United Way were contributed through payroll deductions.*

Going forward, the Corporation will continue to focus on enhancing collaboration with its portfolio partners, EDC and DFAIT, as well as other government departments that have an international focus, specifically DND and the Canadian International Development Agency (CIDA). This will ensure that Canadian exporters continue to receive excellent assistance from CCC's specialized contracting, and procurement services for their export transactions involving complex public sector markets abroad.



Message from the Chair

CCC's strategic approach to its business, strongly endorsed by its Board of Directors, is to capitalize on the strong relationships already held by the Government of Canada with other governments to the benefit of Canadian exporters. I am pleased to report that CCC has made commendable strides with this renewed business model.

The results from our renewed strategic approach are significant. The Corporation was active in more than 25 countries with key government partners and clients. CCC's operating surplus was the highest it has been for more than 15 years. This is due to the hard work of CCC's management and employees, for which I wish to extend my congratulations, on behalf of the Board. To continue to strengthen this result, I am delighted with the appointment of Dan Ross, DND's Assistant Deputy Minister of Materiel, who brings his considerable knowledge in defence procurement and will greatly enhance CCC's relationship with DND. Within the executive management team, I welcome Marc Whittingham as Vice-President of Strategy and Organizational Development, an experienced executive who will strengthen strategic policy and planning, communications, and corporate services at CCC.

Without a doubt, having a strong Board sets the tone for how a corporation is going to function, and CCC has a Board that is well placed to ensure that CCC fulfills its mandate. Directors are from all regions of Canada and include individuals from both the public and private sector with diverse specializations. This experience enhances discussion and decision-making around the table. In addition, a yearly peer-review and self-assessment, both of the Board and of individual Directors, reinforces strong corporate governance and helps the Board as a whole do a better job. I am pleased to say that the evaluation process has been effective, and that we are currently in the third year of the program.

The Board of Directors was active in shaping the Corporate Plan, an essential tool to communicate CCC's strategy to key partners, clients and to the Canadian public. CCC's shareholder has fully supported the Corporation's renewed strategic approach, and the reorganization that has accompanied it. This has and will continue to help Canadian exporters access more opportunities abroad.

The Board of Directors is confident that the right steps are being taken to give CCC's diverse clients the tools they need to succeed in complex international markets.

Alan Curleigh
Chair



Message from the President

Fiscal year 2006–07 was a strong one for the Canadian Commercial Corporation. With our financial health and renewed strategic focus, we made major strides and this has translated into concrete evidence through our year-end results. In terms of building client value through strengthened partnerships, we took important steps with key partners, namely DFAIT, EDC, and DND resulting in specific agreements with positive revenue implications.

Achieving the Corporation's strategic objectives was the result of a strengthened internal structure that reflects our clear public policy role: to assist in the development of trade between Canada and other countries in areas where there is a clear government role. We do this by continually building unique relationships and maintaining international contracting expertise to support Canadian exporters.

In order to continue providing excellent services to Canadian exporters, we focused internally on business processes, practices and systems. Much work has been done already to define our information systems requirements and to bring more rigour to our business processes. Implementation of this will be a top priority for 2007–08.

I am also very proud of CCC's contribution to wider Government of Canada policy goals, which have made a real difference to Canadian exporters and to helping foreign governments access Canadian solutions. For example, because of CCC's excellence in contracting and procurement, we were brought on board to action Canada's contribution to promoting peace in Sudan. CCC has also made a tangible contribution to stabilization and reconstruction efforts in Afghanistan through organizing and executing delivery of equipment for the Afghan National Police Force. The dedication and professionalism of CCC personnel has made this possible.

I am more confident about the future of CCC than at any time since I joined the organization two years ago and I am looking forward to building upon our strong foundation in the year ahead.

A stylized, handwritten signature in black ink, appearing to read 'J. McBride'.

John McBride
President

CORPORATE GOVERNANCE

As a Crown Corporation under Schedule III Part I of the *Financial Administration Act* (FAA) and wholly owned by the Government of Canada, CCC reports to Parliament through the Minister of International Trade.

CCC is governed by a Board of Directors responsible for the affairs of the Corporation. The Board exercises its responsibilities in keeping with the general provisions of Part X of the FAA, as well as the provisions of the *Canadian Commercial Corporation Act*. In monitoring the financial management, reporting and auditing of the Corporation's performance, CCC's strong accountability structure is reinforced. The Corporation is subject to the *Access to Information Act*.

Board Mandate and Public Policy Role

CCC's Board of Directors provides leadership and guidance to the Corporation's management team, and sets the Corporation's strategic direction. It is composed of a Chairperson, the President, and nine Directors appointed by the Minister of International Trade and approved by the Governor-in-Council. The Board approves the five-year Corporate Plan and the Annual Report, both of which are tabled in Parliament. The Board meets as required (usually quarterly) to review the Corporation's overall operation, receive committee reports, and discuss CCC's performance against

objectives. The Board undertakes regular assessments of its effectiveness (and the contributions of each Director) by means of a self-assessment and peer-review exercise designed to improve individual and collective performance.

Risk management continues to be a focus of the Board. Although CCC adheres to appropriate guidance in assessing contract risk, CCC is committed to strengthening its strategic risk management framework through the implementation of an enterprise risk management mechanism, in order to systematically identify and prioritize risks to the Corporation, and allocate resources accordingly. To this end, CCC is in the second year of implementation of an Enterprise Risk Management (ERM) program. Phase one, which had significant participation and support from the Board of Directors, saw the development of the overall ERM Framework. This resulted in updated risk tolerance and risk appetite statements and also clearly identified the corporate structures in place to manage risk. Phase two, which involved collecting and consolidating risk information from the business units, was completed

in 2006–07. This information will be used to better manage risk when developing strategic objectives. Finally, the Corporation is ensuring that the ERM program is properly maintained and that continuous improvements related to risk management are implemented across the Corporation.

Board Committees' Mandates, Activities, and Membership

CCC's Board of Directors is led by an independent, non-executive Chair and conducts its oversight functions in concert with key Board committees as detailed below. The charts on pages seven and eight outline committee membership and attendance.

>> **The Audit Committee** deals primarily with matters related to sound financial and risk management practices, accurate and ethical reporting, and audit functions. With respect to its audit activities, the Committee oversees the annual audit, the special examination and the internal audit function. Audit Committee meetings are attended by the internal auditor and representatives from the Office of the Auditor General of Canada.

Committee membership:

Board Member	Audit	CIC	Governance	HR	ERP Working Group
Alan Curleigh (Chair)		X	<i>ex officio</i>	<i>ex officio</i>	
John Duffy*	Chair				
Andrew Saxton	X		X		X
Norman Turnbull**	X (New Chair)		X		Chair
Peter Wright			Chair		
David Stapley				Chair	X
Martine Corriveau-Gougeon	X (New member)	Chair		X	X
Ken Sunquist		X			
Dan Ross***		X			X
John McBride (CEO)		<i>ex officio</i>	<i>ex officio</i>	<i>ex officio</i>	

As of March 31, 2007

* John Duffy resigned from the Board of Directors on March 26, 2007

** Norman Turnbull was appointed Chair to the Audit Committee in March 2007

*** Dan Ross was appointed to the Board of Directors in October 2006

>> **The Commercial Initiatives Committee (CIC)** oversees the Corporation's procurement and international contracting business. In fulfilling this responsibility, the Committee undertakes the following:

- Reviews and approves any new proposed business products/business lines by the Corporation.
- Periodically validates the adequacy of business decision-making processes underlying each business line and also confirms that the business decisions made in these areas are undertaken in an effective, professional and complete manner, with the attendant risks being identified and managed properly.

>> **The Governance Committee** develops and implements practices and procedures to ensure that the Board of Directors and the Corporation operate effectively and in accordance with a high standard of corporate governance.

CCC's Board of Directors provides leadership and guidance to the Corporation's management team, and sets the Corporation's strategic direction.

>> **The Human Resources (HR) Committee** conducts candidate identification and recommendation for the positions of Board Chairperson, Directors and President. It also reviews, together with the Chairperson, the performance of the President, and reviews and recommends the appointment of corporate officers as well as compensation-related issues.

>> **The Enterprise Resource Planning (ERP) Working Group** oversees the selection and implementation of the ERP system. It assists Management by providing guidance, particularly with regards to project definition and assessment of the analysis and work that has been performed to date, and makes recommendations to the Board.

Strategic Direction for 2007-08

In December 2006, the Board of Directors approved CCC's Corporate Plan and set the Corporation's strategic direction, which is consistent with the Minister's 2006 Statement of Priorities and Accountabilities for CCC. The overall policy objective remains as "to increase Canadian exports through international procurement where government intervention is necessary." This objective is accomplished through unique relationships and international contracting expertise. CCC's 2007-08 Corporate Plan outlines six strategic objectives for 2007-08, which are:

- >> To work even closer with DFAIT, EDC, DND and CIDA to develop more sophisticated partnerships that can better support Canadian exporters and increase Canadian international trade.

Board of Directors meeting attendance: *

Board Member	April 2006	June 2006	October 2006	December 2006
Alan Curleigh (Chair)	X	X	X	X
John Duffy	X	X	Absent	X
Andrew Saxton	X	X	X	X
Norman Turnbull	X	X	X	X
Peter Wright	X	X	X	X
David Stapley	X	Absent	X	X
Martine Corriveau-Gougeon	X	X	X	X
Ken Sunquist	X	X	X	X
Dan Ross	n/a	n/a	n/a	X
John McBride (CEO)	X	X	X	X

As of March 31, 2007

* During 2006–07, CCC had one vacancy on the Board of Directors

>> To solidify and formalize the relationship with the Defense Security Cooperation Agency (DSCA) to provide Canadian exporters more opportunities abroad and reinforce the Canadian contribution to the North American defence industrial base.

>> To work closer with DND to identify more opportunities for joint procurement in order to increase Canadian export sales and reduce the cost of defence equipment to the Canadian government.

>> To work with EDC to identify and pursue opportunities for exporters in Asia where EDC is already providing financing to foreign public sector buyers.

>> To collaborate with EDC to facilitate additional Canadian business in the Caribbean.

>> To work with CIDA to identify and pursue markets and opportunities for Canadian exporters in Africa and Latin America.

In addition, CCC has three corporate objectives for 2007–08:

>> To build on the ERM Framework introduced in 2005–06, through Business Process Improvement,

>> To enhance Contract Management Practices, and

>> To implement a new ERP system.

Corporate Governance Practices

CCC maintains a high standard of corporate governance. The Board of Directors has carefully considered the Corporate Governance Guidelines set forth in the *Governance Framework for Canada's Crown Corporations* and fully complies with all relevant measures applicable to the Corporation.

2006-07 STRATEGIC OBJECTIVES AND PERFORMANCE AGAINST OBJECTIVES

CCC's business is achieved through close collaboration with Canadian exporters, government departments and foreign government buyers.

The Corporation's renewed business model, strongly supported by the shareholders and Board of Directors, is focused in regions and with partners where CCC can make a difference. For foreign governments, CCC has the advantage of being a part of the Government of Canada, a trustworthy and reliable partner. Similarly, for Canadian exporters, CCC is able to utilize the Government of Canada's relationships with other governments to help these exporters access opportunities in markets abroad. This year CCC worked with its partners in 25 countries with a total business volume of \$1.2B.

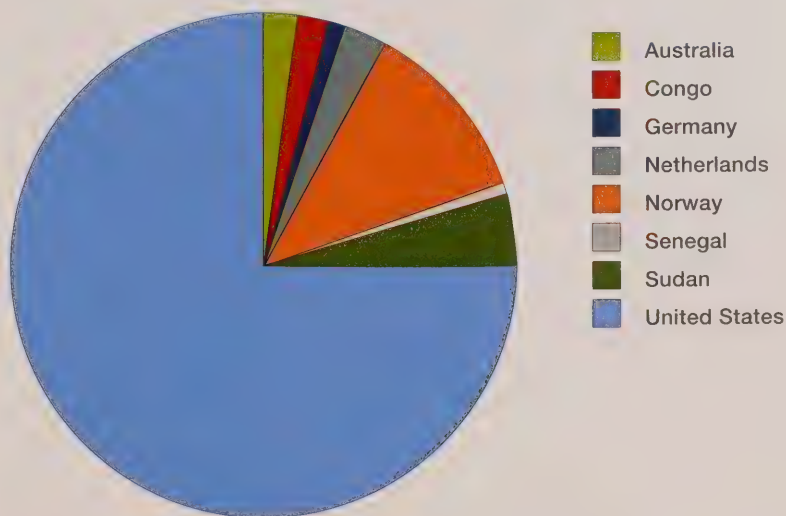
In 2005-06, the Corporation focused its efforts to better align itself with its core mandate and public policy role. Early in 2006-07, CCC management realized that in order to ensure its business strategy was aligned with the Corporation's mandate it would have to re-think its operational approach. Thus, the 2006-07 to 2010-11 Corporate Plan detailed a broad restructuring program and the creation of two business lines: the Defence business unit, and the Emerging and Developing Markets (EDM) business unit. Strategic objectives for each unit were set with a view

towards long-term growth in international trade. To support the units, corporate groups were strengthened in order to improve the management of CCC's people, processes and systems.

CCC's 2006-07 Corporate Plan outlined strategic objectives for each business unit. For the Defence unit four objectives were set: increasing client value, implementing a more proactive

U.S. strategy, leveraging relationships beyond the U.S. Department of Defense (U.S. DoD) market, and increasing cost effectiveness. Similarly, four strategic objectives were outlined for CCC's EDM unit: reconceptualizing the business unit, repositioning existing business, managing existing commitments and identifying capacity requirements. Finally, CCC's 2006-07 Corporate Plan outlined four corporate-wide strategic objectives: assuring exemplary corporate governance, fostering highly motivated and skilled personnel, building effective partnerships, and

Defence 2006-07 Business Volume by Country



implementing robust business processes along with meaningful performance measures.

Defence Business Unit Performance Against Objectives

2006–07 was a successful year for the Defence business unit, which achieved a substantial business volume of more than \$1.1B. As in past years, CCC's Defence business focused around sales to its long-term client, the U.S. DoD. However, the business unit was also active in 13 other countries, notably the Netherlands and Norway, two important Canadian allies.

The Defence business unit also underwent significant organizational changes in 2006–07. It is now subdivided into three elements: Opportunity Identification and Screening, Contract Structuring and Certification, and Contract Management.

Client value

Increasing client value was one of the main objectives for the Defence business unit in 2006–07. Specifically, the Corporation committed to strengthening relationships with key partners in the defence field, leading to increased opportunities for Canadian exporters. CCC's Defence business line typically has three groups of clients: the Canadian and U.S. departments of defence, allied militaries, and Canadian exporters.

CCC has had considerable success in increasing the value it provides to the Canadian and U.S. government defence departments. The Corporation strengthened its relationship with DND, in part through the appointment of DND's Assistant Deputy Minister of Materiel to CCC's Board of Directors in October 2006. This brings the two organizations closer together and will allow CCC to better understand, through DND's international network, the defence equipment requirements of Canada's allies.

On a more immediate level, CCC worked with DND to identify areas of joint procurement with allied governments. The objective is to group together the procurement requirements of more than one government and, where similarities exist, to work together with Canadian suppliers, other relevant government departments, particularly Public Works and Government Services Canada (PWGSC), and allied governments to achieve economies of scale and increased export sales for Canadian defence firms.

For example, in 2006–07 CCC worked with the Norwegian government on a U.S. \$95M procurement contract for P3 Wings from Lockheed Martin. This contract was facilitated by CCC's relationship with DND, which enabled the Corporation to identify this opportunity for the Norwegian government and provide an effective and efficient solution for their needs.

The Defence unit is also solidifying its procurement partnership with the U.S. DoD as part of its objective to increase client value. Important examples include outreach to the Defense Security Cooperation Agency (DSCA), the Buying Commands, supply centers, and supplier councils, such as the Senior Executive Partnership Round Table and the Strategic Supplier Alliance.

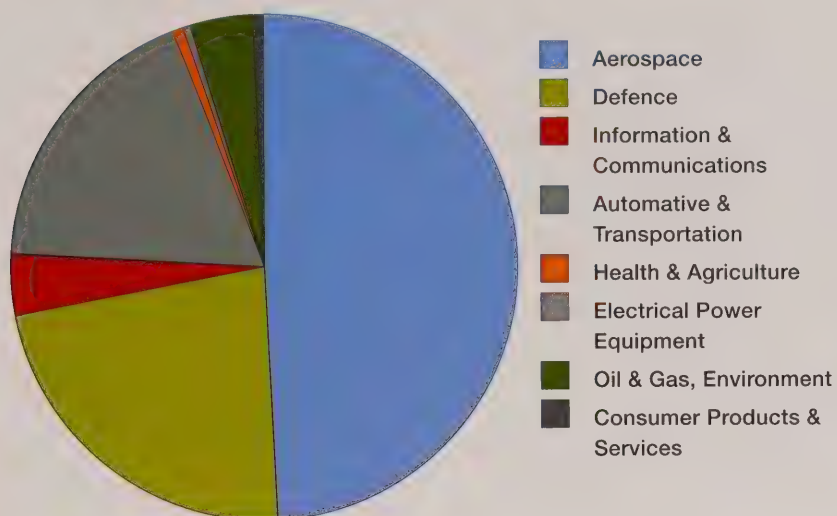
FACT As part of its engagement strategy with the U.S. DoD, CCC has collaborated with the Defense Acquisition University (DAU)

THE STORY DAU course: Contracting with Canadian Companies

U.S. DoD contracting officers can access the *Contracting with Canadian Companies* module available on the DAU Virtual Campus. This online tutorial is now available to over fifty thousand procurement professionals and was designed to teach the policies and procedures that should be used when working with Canadian companies. By taking this tutorial, which was developed in collaboration with CCC, contracting officers will learn that contracting with Canadian companies is appropriate, efficient and effective. The tutorial was launched at the annual joint-reception with PWGSC at the Canadian Embassy in Washington D.C.

Under the Defence Production Sharing Agreement (DPSA) between Canada and the United States, CCC works to supply Canadian goods to the U.S. DoD. Through this agreement, Canadian suppliers can access procurement opportunities with the U.S. DoD on a level playing field with their American counterparts. To increase understanding of how to supply from Canada and the types of capabilities to be found in Canada, CCC worked with the Defense Acquisition University (DAU) to set up an on-line course for U.S. DoD procurement officers. The result has been an increased interest in Canadian defence

Defence 2006-07 Business Volume by Sector



capabilities and more opportunities for Canadian exporters. In 2006-07, CCC had over 1,800 contracting activities with the U.S. DoD, which includes new contracts and amendments for additional goods or services.

CCC also works on behalf of allied militaries that are interested in buying Canadian technology. In 2006-07, CCC worked with the Norwegian government to contract with L-3 SPAR Aerospace Ltd., a Canadian company based in Edmonton, Alberta. This contract, worth U.S. \$41.3M, involved the repair and overhaul of four C-130E Hercules transport aircraft for the Royal Norwegian Air Force.

Through working with these clients, CCC has an intimate understanding of the defence market in Canada. As a result, CCC remains vigilant for opportunities for Canadian exporters and has used its unique relationships with other governments to help Canadian companies. For example, this year, CCC utilized both its expertise in contracting and its relationship with the U.S. government to improve on a contract between the U.S. DoD and Oceanworks, a Canadian company based in Vancouver, British Columbia.

CCC was able to strengthen the contract and develop options that made sense for both.

For 2007-08, the Corporation is planning to develop even more sophisticated relationships with its partners. CCC will continue to leverage the strong relationships between DND and foreign like-minded militaries to the advantage of

Canadian exporters. For example, CCC has been working with DND to renew the Canada/U.S. Reciprocal Defence Procurement (RDP) agreement through discussions led by DND's Director General International and Industry Programs (DGIIP). Since early 2006, DND and the U.S. DoD representatives have been investigating the potential mutual benefits of establishing a bilateral RDP MOU. Such an MOU could pave the way for more opportunities for Canadian defence exporters.

Proactive U.S. strategy

Another objective in 2006-07 for the Defence business unit was to implement a more proactive U.S. strategy, whereby CCC would develop an approach to dealing with U.S. prime contractors in order to further strengthen the North American defence industrial base. The Corporation has been successful at meeting this objective. While the strategy is still in the development phase, CCC has signed two significant contracts with U.S. prime contractors for installation of new wings on Lockheed Martin aircraft with a combined business volume of approximately \$170M.

FACT CCC helps allied militaries source Canadian goods and services

THE STORY Life-extension program for the Norwegian Air Force C-130E aircraft

When the Royal Norwegian Air Force needed to purchase parts and overhaul services for their C-130E aircraft, they approached CCC to act as their procurement agent for the refurbishment of four planes by L-3 SPAR Aerospace Ltd. in Edmonton, Alberta. The Norwegian government preferred this method because CCC was able to put Canadian contracting practices and capabilities to use in order to accelerate the purchasing process and support the Norwegian procurement capacity. By meeting an allied military's needs, CCC has reinforced international relationships for the benefit of Canadian exporters and the Canadian government.

For 2007–08, CCC will build on its relationships with U.S. prime contractors, through better use of the DND network. The focus will continue to be on enhancing the partnership with DND and leveraging this partnership to help provide Canadian exporters with better access to the U.S. defence market. For example, CCC has an excellent relationship with the Defense Contract Management Agency (DCMA), which is the U.S. DoD's agency that works directly with defence suppliers to ensure that supplies and services meet performance requirements and are delivered on time at the projected cost.

As part of its external outreach activities, CCC worked closely with DFAIT's Trade Commissioner Service (TCS) in Ottawa, Washington, Los Angeles, Denver, Detroit, and Dallas. The success of this collaboration was demonstrated in a CCC meeting that was organized by DFAIT at the Space Symposium in Colorado Springs in April 2006, which led to a \$3M NASA-related contract with CCC and NORCAT.

Relationships beyond the U.S. DoD

A third objective for 2006–07 was to leverage relationships beyond the U.S. DoD market by working to conclude an agreement with the DSCA in the United States and then to use this relationship to facilitate access to the U.S. Foreign Military Sales (FMS) program.

The Corporation has been successful in meeting this objective, as illustrated by the agreement-in-principle that has been reached with the DSCA. The agreement is currently under review to work out the actual value proposition that CCC brings to the table, how and what services will be required for FMS, as well as how the agreement is to be structured. For 2007–08, the Corporation aims to solidify and formalize its relationship with DSCA to provide Canadian exporters with more opportunities abroad and to reinforce the Canadian contribution to the North American defence industrial base.

Cost effectiveness

The final objective of 2006–07 for the Defence business unit was to increase cost effectiveness by working in cooperation with PWGSC to provide more efficient contract support services for Canadian exporters.

This was achieved through a rationalization of the work being carried out by PWGSC on behalf of CCC and by clarifying the roles and responsibilities of both organizations.

A summary of the Corporation's Defence business unit's 2006–07 commitments and performance against objectives is outlined in the table in Annex A.

Emerging and Developing Markets Business Unit Performance Against Objectives

2006–07 was a significant year for the Emerging and Developing markets business unit. Financially, the unit generated business volume of almost \$50M while also undergoing a complete restructuring to enhance its approach to maximizing benefits for Canadian exporters. The EDM business unit was active in 12 countries, with Canadian exporters helping to deliver both aid and other support.

Like the Defence business unit, EDM's workflow is now organized around three sets of activities: Opportunity Identification and Screening, Contract Structuring and Certification, and Contract Management.

FACT CCC created the Emerging and Developing Markets business unit

THE STORY EDM regroups to meet future business needs

EDM consolidated its core business and validated its value proposition with Canadian exporters and foreign government buyers through a targeted outreach program. Cross-functional teams were created to discuss various issues affecting the business, and they established and implemented action plans. Areas of focus included customer needs, fee strategy, goals, mandate, knowledge management, services, communications, and business drivers. The "Mission Vision" work channelled the group's energy to focus on key clients through the establishment of a value proposition and by developing and implementing a comprehensive outreach strategy.

The business unit

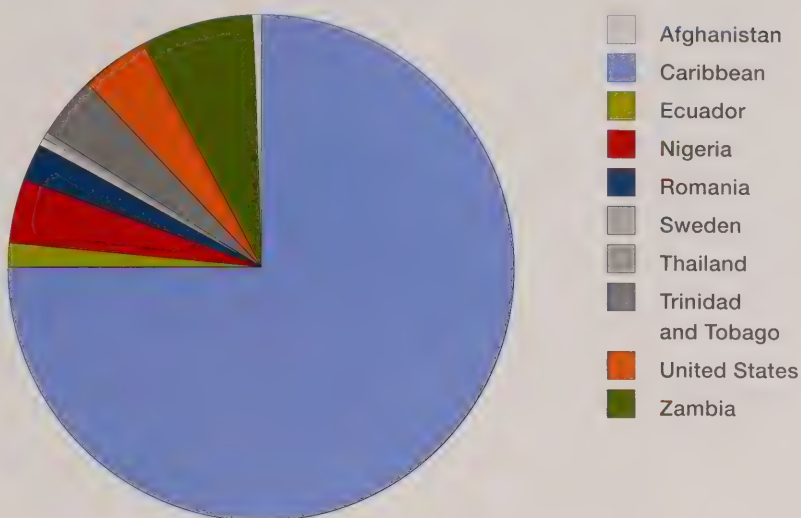
In 2006–07, the Corporation committed to building and implementing viable business models and strategies to help Canadian exporters be more successful in securing contracts in emerging and developing country markets. Informed by a “Mission Vision” exercise, a five-year plan was designed that established the over-arching goals and strategic priorities as well as a phased approach for the implementation of a wide range of activities.

Existing business

Building on the renewed business model, CCC re-evaluated its Engineering Procurement Construction (EPC) and Engineering Procurement Construction Management (EPCM) projects in consultation with CIDA’s Industrial Cooperation Program (CIDA-INC), EDC, and DFAIT in order to determine a viable and relevant business strategy. As a result, CCC developed a new approach based on enhanced relationships with key partners. CCC will develop systematic links to funding and financing structures available to developing countries from development organizations such as CIDA or export credit agencies like EDC.

With CIDA, CCC is well positioned to work with companies who use CIDA-INC, a cost-sharing program that provides financial support to Canadian companies to carry out feasibility studies or provide implementation support in developing countries. With CIDA-INC’s financial support at project inception and completion, CCC’s role as a prime contractor fits squarely in the middle, and acts as a complement to CIDA-INC, to support Canadian firms wishing to undertake infrastructure projects in developing countries.

EDM 2006–07 Business Volume by Country



For example, in 2006–07, CCC worked with the firm of Brunet, Lebel, Léger (BLL) & Associates Inc. and the City of Cuenca, Ecuador to conduct a Cadastral System feasibility study,

an activity partially funded through a CIDA-INC contribution. This has led to the signing of an MOU between CCC and the City of Cuenca to coordinate an implementation contract to be

FACT CCC manages large-scale infrastructure projects for foreign government buyers

THE STORY CCC signed a U.S. \$413M contract to build the New Quito International Airport in Quito, Ecuador

CCC acts as the prime contractor in a government-to-government contract with CORPAQ, a local government agency, and supports AECON, a Canadian construction company, to build the New Quito International Airport. CCC’s role is to guarantee that the terms of the contract are respected and that the project is on schedule; a commitment that is accomplished by following a detailed monitoring plan, including an on-site Liaison Officer and regular site visits. The construction of the New Quito International Airport is scheduled to be complete by October 2010, a 51-month timeline established from the construction commencement date of July 12th, 2006.

supplied by DMR, a consulting division of Fujitsu Consulting (Canada) Inc., in partnership with BLL.

With EDC, the focus has been on connecting CCC's government-to-government contracting and procurement service options with EDC's finance and insurance offerings for the benefit of Canadian exporters. Joint EDC/CCC missions to Asia, Africa, and the Caribbean have proven to be valued tools for Canadian exporters wishing to advance and secure contracts in emerging and developing country public sector markets.

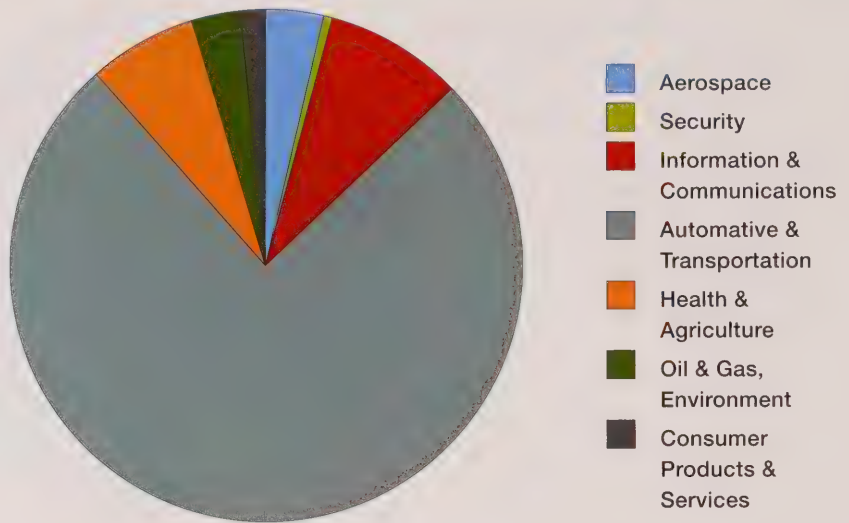
Existing commitments

Throughout the implementation of CCC's renewed business model in 2006–07, the Corporation ensured that long-term business relationships and long-standing trade achieved under its structured financing transactions were maintained. In addition, market presence and competitive advantages for repeat Canadian exporters remained in the forefront of business model decisions. In maintaining these existing commitments, CCC worked closely with EDC and the Department of Finance on the Corporation's structured finance business mandate and model. CCC is pleased to report that business relationships and trade was maintained within program constraints and in many cases exceeding expectations in terms of overall results.

New capacity requirements

Finally, CCC committed to identifying synergies between capacity, offerings, and requirements in order to strengthen its working relationship with key partners including CIDA, DFAIT, and EDC.

EDM 2006–07 Business Volume by Sector Group



The Corporation was successful at meeting this commitment over 2006–07, as it enhanced its relationship with DFAIT by signing a long-term MOU. This will ensure that CCC, DFAIT, and other government departments work together to carry out international contracting services in support of the Stabilization and Reconstruction Task Force (START) Secretariat, and the CTCBP. The MOU established a framework to acquire goods, services, and equipment from Canadian companies to support international commitments to deliver in-kind assistance to targeted regions around the world.

During 2006–07, CCC worked with many Canadian companies and executed contracts under this MOU for delivery of development assistance to the Afghan National Police (ANP) Force, national emergency preparedness organizations throughout Southeast Asia, and the African Union Mission in Sudan.

In addition, CCC entered into a pilot project with DFAIT to enable CCC to reach Canadian exporters throughout Canada. The pilot project is with the Montréal Regional Office and will allow CCC to meet its objectives of gaining a better understanding of client needs, promoting its services to Canadian exporters, and maximizing its business results. For EDM, this initiative will improve its ability to identify clients and will enhance its relationship with its key partners to better serve Canadian exporters.

A summary of the Corporation's EDM business unit's 2006–07 commitments and performance against objectives is outlined in the table in Annex B.

FACT CCC assists in delivering the Government of Canada's development priorities

THE STORY DFAIT and CCC sign an MOU

Federal government departments with international commitments and responsibilities to deliver development assistance often need support in acquiring goods and services for international end-use. In keeping with this trend, EDM has confirmed its service value proposition with DFAIT and has signed an MOU to support contracting for goods, services and equipment to meet the Department's global development priority projects.

Corporate governance

The first corporate objective for CCC was to ensure exemplary corporate governance, which includes proper stewardship of public resources through a target of 2.3% for return on equity and performance against operating budget to within +/- 5% of the budget. CCC has made significant progress on all its corporate governance commitments. The Board of Directors has carefully considered the Corporate Governance Guidelines set forth in the *Governance Framework for Canada's Crown Corporations* and fully complies with all relevant measure applicable to the Corporation.

Corporate Performance Against Objectives

In achieving CCC's goals, the operational business units were supported by the corporate areas of the organization. A new Vice-President of Strategy and Organizational Development was added to the executive team and has begun to develop more refined human resources practices, to evaluate and implement a new Enterprise Resource Planning (ERP) system and to improve business processes in a manner that is reflective of the needs of the business units. In addition, policy coherence has been strengthened with the addition of a strategic policy unit, which is better able to communicate CCC's value proposition to the shareholder, partners and clients through cohesive communications and in-depth business intelligence.

The risk and finance functional unit continued to implement the financial management improvement plan consisting of three main parts: to improve key financial reporting processes and internal controls, to review and improve financial systems, and to clarify accountabilities and the organi-

zation surrounding financial management. The Board of Directors approved the plan in December 2005, with implementation running from January 2006 until December 2007.

Over the course of 2006-07, the corporate units also made significant progress on the strategic objectives as detailed in the 2006-07 Corporate Plan.

CCC also strives for excellence in its business processes. For example, the Corporation examines closely all audit results and takes action to address concerns. CCC is addressing deficiencies identified in the 2004 Special Examination by the Office of the Auditor General (OAG). Specifically, during 2006-07, CCC took further steps to strengthen contract management processes including launching a business process improvement initiative.

Return on Equity



FACT CCC reviewed its risk profile to focus on quality projects and excellence in contracting practices

THE STORY CCC developed an Enterprise Risk Management (ERM) Framework and training seminars to engage staff on risk management

Following the Auditor General's recommendations, CCC engaged in an assessment of its contracting processes and risk management. In order to continue to ensure excellence in international contracting the Corporation developed its corporate risk profile, which helped in defining the ERM Framework. This formed the basis of a new approach to risk management within CCC: a review of the risk philosophy and tolerance to risk, defining of roles and responsibilities, the development of processes and tools, and training of all CCC staff. As an on-going effort, CCC's approach to risk will continue to reflect the nature of the sectors it operates in while continuously maintaining and reviewing its risk profile.

In addition, CCC continues to focus on risk management, an area highlighted by the OAG Special Examination. In 2006–07, an ERM Framework that was approved by the Board of Directors in 2005–06 was implemented. This framework ensures risk assessment is embedded in the contracting process and that staff are trained in risk identification and management on a regular basis.

CCC is also addressing a number of corporate management issues as part of its Corporate Social Responsibility (CSR) strategy. The Corporation has added a contract provision stipulating that CCC has the right to revoke the contract should the Corporation find out that the business was obtained by unfair means including through bribery. In addition, CCC is continuously improving its internal accountability and transparency; for example, the Corporation

is introducing an internal whistle-blowing process to ensure compliance with the newly implemented *Public Servants Disclosure Protection Act*.

On environmental policy, CCC complies with the provisions set out by the *Canadian Environmental Assessment Act*. In cases where projects are funded through export credit agencies or international organizations such as the World Bank, the Corporation complies with international environmental standards outlined by the OECD. CCC will continue to examine areas of corporate social responsibility in 2007–08.

Highly motivated and skilled personnel

Another corporate objective for CCC in 2006–07 was to foster highly motivated and skilled personnel. The Corporation made specific commitments in this area including increasing employee rating of the internal environment and developing frameworks for understanding employee engagement and for increasing workforce productivity.

CCC is currently updating its human resources strategy. Building a culture of excellence, engagement and teamwork continues to be CCC's objective. This renewal strategy will help to guide succession planning, knowledge management, and strategic competencies and capabilities for the long-term and will align human resource policies and procedures for the future.

Effective partnerships

A third and fundamental corporate objective was to build effective relationships with key partners by developing a framework for understanding and measuring the effectiveness of key relationships with partners and clients.

In 2006–07, CCC examined closely all its partnerships, both within the business units, as reported above, and on a corporate level. In some cases, the partnership was no longer in line with CCC's more clearly defined strategic focus. In other cases, where the partnership fit into the new strategic focus, CCC worked to enhance it and lay the groundwork for a strong long-term relationship.

FACT CCC works with other federal government departments and agencies to provide the best possible services to Canadian exporters

THE STORY Award for Excellence in Public Service for the Virtual Trade Commissioner

CCC was recognized by the Treasury Board Secretariat with the Award of Excellence for Outstanding Teamwork in developing online client-centric services. Specifically, the award commended the Electronic Client Relationship Management (eCRM) and the Virtual Trade Commissioner (VTC) services created through a partnership between CCC, DFAIT, EDC and Agriculture and Agri-Food Canada. Moreover, CCC received a Public Service for Excellence Award in Client Service for their contribution to the VTC Working Group. These initiatives underline the collaborative approach that exists throughout federal government departments and agencies to better coordinate their service offerings to Canadian exporters through a single point of entry.

For example, CCC worked with DFAIT and EDC on an MOU on joint business development and information sharing to create seamless solutions in support of Canadian exporters and investors. CCC also examined its value proposition for clients and began work to integrate it in communication products and services. In addition, CCC built closer ties with other government departments and agencies through its involvement in the newly created Government On-line Trade Services (GOTS) group. Because CCC has redefined its approach it is also examining how to measure the value delivered to clients.

Processes and performance measures

Finally, CCC committed to developing more robust business processes along with meaningful performance indicators. The Corporation has been successful at achieving a fuller understanding of its processes. In 2006–07, CCC began a thorough evaluation of its business processes in the context of evaluating and implementing a new ERP system to replace its current system. The aim is to standardize and incorporate best business practices. Establishing performance measurement is an important component of the ERP system, which will be implemented in 2007–08.

A summary of CCC's 2006–07 corporate commitments and performance against objectives is outlined in the table in Annex C.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Highlights

The 2006–07 fiscal year marked the second consecutive year CCC posted an operating surplus. The \$3.5M surplus was the highest in the last fifteen years and a 142.6% increase over last year. This was achieved notwithstanding the impact of an unfavourable level of additional contract and related costs. CCC achieved higher than ever fees for service, surpassing 2005–06 by \$0.9M, or 11.7%. CCC also controlled its administrative expenses through a year of organizational transformation. In addition, the combination of CCC efficiently managing its cash flows leading to higher cash balances and interest rate yields resulted in interest income of \$2.6M, the highest in the last six years.

A more detailed discussion of CCC's 2006–07 financial highlights follows.

Revenues

Commercial trading transactions include CCC's billings for work performed on outstanding signed contracts, fees for service and discounting exporters' receivables. The value of these transactions increased by \$71.7M, or 6.7%, over last year, despite the effects of a stronger Canadian dollar that discounted values and returns of projects that had been contracted in U.S. dollars. Billings constitute over 99.0% of the commercial trading transactions and were higher than last year as a result of deliveries related to large contracts that were signed late in 2005–06 and a few more sizeable contracts signed in 2006–07 involving quick delivery requirements.

Gross margin includes commercial trading transactions and the cost of commercial trading transactions.

Commercial trading transaction costs represent the cost of billings for work performed by Canadian exporters on outstanding contracts and offset exactly the total of CCC's billings. The primary component of gross margin is the fees for service that represent 93.0% of the total. Fees for service exceeded 2005–06 by \$0.9M. Of the total fees of \$8.5M, \$3.5M, or 41.0%, were generated by CCC's procurement service agreements on defence related projects, while another \$2.7M, or 31.3%, were generated by CCC's structured financing transactions.

Net revenues comprised of the total of gross margin, net interest income, and loss on foreign exchange, increased by \$1.3M compared to last year, representing a year-over-year increase of 12.6%. In addition to the increase in gross margin, the remaining increase in net revenues can be attributed to greater interest income earned as CCC continued to efficiently manage its accounts receivable and accounts payable which contributed to higher cash balances. This coupled with higher interest rate yields contributed to CCC earning its highest level of interest income since 2000–01. Interest income increased by \$0.6M, or 30.4%, in 2006–07 from 2005–06. These increases were offset by the loss on foreign exchange of \$0.4M as the Canadian dollar strengthened against its U.S. counterpart, from

Income Statement Discussion

Summary results of operations

Income	2006–07 (\$ M)	2005–06 (\$ M)
Commercial trading transactions	\$ 1,136.6	\$ 1,064.9
Gross margin	\$ 9.1	\$ 8.3
Net revenues	\$ 11.4	\$ 10.1
Total expenses	\$ 24.9	\$ 24.9
Parliamentary appropriation	\$ 16.9	\$ 16.2
Net results of operations	\$ 3.5	\$ 1.4

.8562 U.S. (1.1680 CAD) at April 1, 2006, to .8661 U.S. (1.1546 CAD) at March 31, 2007.

Expenses

In 2006-07, total expenses were \$24.9M, equal to the amount in 2005-06. Administrative expenses decreased by \$0.6M, offset by an increase to additional contract and related costs of \$0.6M. Some of the major items comprising the administrative expenditures were:

>> CCC's workforce, consisting of 101 highly experienced, skilled and motivated employees and temporary hires, cost \$9.4M, approximately the same amount as last year.

>> Public Works and Government Services Canada fees were negotiated at \$4.0M for the core services under the DPSA for 2006-07. Over and above this amount, \$0.3M was paid for PWGSC involvement on special projects. The total represents a decrease of \$1.1M, or 20.9%, compared to the amount spent in 2005-06.

>> Rent for the premises totalled \$1.3M, a \$0.1M, or a 10.2%, increase over the amount spent in 2005-06 due to increases in property taxes and utilities.

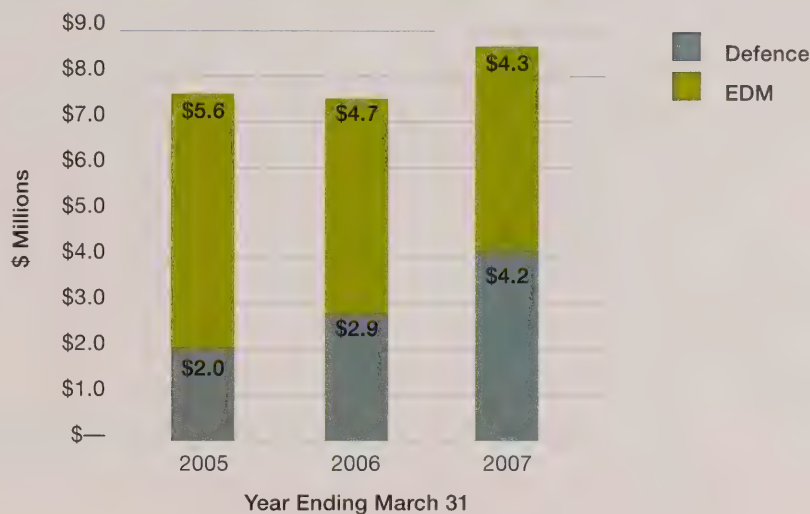
>> Consultants that complement CCC's workforce and perform assignments requiring a specific expertise cost \$1.1M, the same amount as in 2005-06.

>> Travel, principally for operational requirements to secure or manage CCC's international contracts, totalled \$1.1M, a \$0.4M, or 56.9%, increase over the amount spent in 2005-06. The increase was due to contract management related travel requirements on a few large contracts and business development activities.

Operating Results



Fees for Service by Business Unit



Net Revenue



- >> The amortization of capitalized assets associated with CCC's computer system and leasehold improvements totalled \$0.8M, the same amount as in 2005-06.
- >> Computer software, hardware and support costs, over and above the information management personnel included in workforce or consultants were \$0.7M, a \$0.1M, or 21.0%, increase over the amount spent in 2005-06.
- >> Human resources initiatives and training costs were \$0.4M, the same amount as in 2005-06.
- >> Telecommunications, courier and translation costs were \$0.2M, the same amount as in 2005-06.
- >> Other expenses, including communications and publications, Board of Directors' remuneration and insurance totalled \$0.7M, a \$0.1M, or 20.4%, decrease from the amount spent in 2005-06.

Additional contract and related costs were \$4.9M, an increase of \$0.6M from 2005-06. The \$4.9M was determined based on the reassessment of estimated costs to settle problem or disputed contracts existing from previous years.

CCC closely monitors its administrative expenditures and uses the ratio of administrative expenditures to commercial trading transactions to measure its administrative expenditure efficiency, with an objective not to exceed 2%, a figure that was achieved this year as it was in 2005-06.

Parliamentary appropriation

In 2006-07, at \$16.9M, CCC received \$0.7M more appropriation from Parliament than in the previous year. This increase was the result of CCC receiving supplementary funding in the amount of \$0.9M for collective bargaining settlements on a retroactive basis for amounts owed to CCC from 2003-04, 2004-05 and 2005-06. This was partially offset by a reduction of \$0.2M representing CCC's contribution to the Government-Wide Expenditure Review Committee.

Norway, the Netherlands and Ecuador, the latter related to the construction of the Quito International Airport. Of these advances from customers, a significant portion, \$121.8M, has been passed on to Canadian exporters, therefore accounting for the significant increase in assets, specifically advances to suppliers.

As an international trade intermediary, CCC offsets, for the most part, its trading-related assets with matching liabilities. Accounts receivable from foreign

Balance Sheet Discussion

Summary financial position

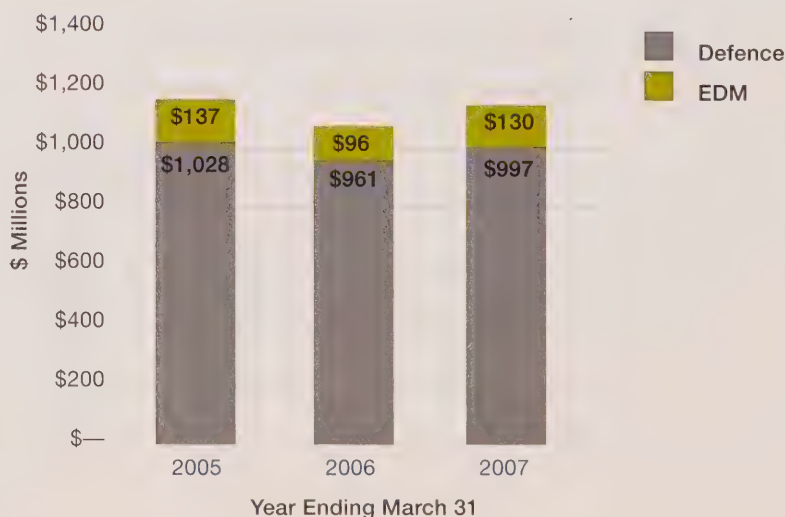
Summary	2006-07 (\$ M)	2005-06 (\$ M)
Total assets	\$ 560.4	\$ 332.0
Total liabilities	\$ 516.4	\$ 291.5
Equity of Canada	\$ 44.0	\$ 40.5

CCC's total assets were \$560.4M as at March 31, 2007, 68.8% higher than at March 31, 2006.

Historically, a few large contracts account for a significant portion of the balance. This is the case in 2006-07, where of the \$180.6M advances from customers, \$152.3M, or 84.3%, are related to four projects on sales to

customers and progress payments to Canadian exporters are normally offset by accounts payable and accrued liabilities to Canadian exporters, as well as by progress payments from foreign customers. For 2006-07, 37.2% of the \$77.8M increase in accounts receivable was due to transactions associated with one contract with the U.S. DoD for the supply of light armoured vehicles.

Billings by Business Unit



At times, CCC has a need for other sources of working capital to bridge timing differences between its payables and receivables. CCC's statutory power to borrow commercially up to \$90M provides it with useful flexibility to manage such variations.

CCC's capital assets decreased by \$0.8M in 2006-07 due to the amortization of its assets. The Corporation did not make any capital purchases during 2006-07.

CCC's provision for additional contract and related costs increased by \$2.3M during 2006-07. An increase to the provision of \$4.9M was offset by \$2.6M in cash disbursements related to settlements of contracts not fulfilled by Canadian exporters.

In 2006-07, the value of the equity investment of the Government of Canada in CCC was \$44.0M, an increase of \$3.5M, as detailed in the Operating Statement discussion. CCC's equity backstops the normal commercial risks inherent in its contract portfolio of undelivered contracts totalling approximately \$1.9B at year-end.

Changes to Cash Flow:

Summary of cash flows

Cash used	2006-07 (\$ M)	2005-06 (\$ M)
Operating activities	\$ 47.7	\$ 7.8
Investing activities	—	(\$1.4)
Effect of exchange rate changes on cash and cash equivalents	(\$0.4)	(\$0.2)

Cash and short-term deposits at March 31, 2007, increased by \$47.3M compared to the previous year.

Operating Activities

For 2006-07, CCC provided \$47.7M in cash from its operating activities, as compared to the \$7.8M in 2005-06. This significant increase comes from two main sources. The first, \$24.1M, or 50.6%, represents advance payments made by foreign governments that are held back from the Canadian exporters for risk mitigating purposes and are released as delivery obligations are fulfilled. In some of these cases interest earned on cash withheld is accrued and paid to the Canadian exporter. Another \$15.4M, or 32.3%, resulted from timing differences between the receipt of cash on CCC's accounts receivable and disbursements of its accounts payable. The larger variance between accounts receivable and accounts payable compared to last year confirms CCC's improving efforts related to the collection of its accounts receivable.

Investing activities

The Corporation did not make any capital purchases during 2006-07.

Comparison with the 2006-07 to 2010-11 Corporate Plan

2006-07 was a positive year for CCC from a revenue generation perspective. CCC exceeded its gross margin target of \$7.4M by \$1.7M, or 23.8%, as Canadian exporters and government partners confirmed the value they place on CCC's services and expertise in developing successful projects. Specifically, the Corporation surpassed its \$6.6M fees for service revenue target, generating \$8.5M in its fifth year of implementation, surpassing the highest level of fees for service revenues achieved two years ago. Net interest revenue results were also greater than planned by \$0.9M, due primarily to improved receivable collection efforts that reduced CCC's commercial borrowing costs and efficient use of cash flow that enabled the Corporation to sustain greater than planned cash balances to invest throughout the year. Interest rate yields were also higher than anticipated during the year.

While foreign exchange translation losses were held to a minimum by specific programs designed to control such losses, CCC posted a larger foreign exchange translation loss than budgeted. The Canadian dollar strengthened as compared to its U.S. dollar counterpart from .8562 U.S. (1.1680 CAD) at March 31, 2006, to .8661 U.S. (1.1546 CAD) at March 31, 2007.

Additional contract and related costs exceeded budgeted levels by \$2.3M. This came as a result of problems related to one specific contract signed prior to 2003. CCC will continue its efforts to strengthen its internal processes to ensure that optimal risk management and monitoring are in place for all contracts.

2007–08 Corporate Plan Outlook

CCC expects an operating surplus of \$2.9M in 2007–08, \$1.9M greater than the 2006–07 budget, but \$0.6M lower than the 2006–07 actual.

In 2007–08, net revenues are expected to be \$11.2M, \$0.2M below the results achieved in 2006–07. Fees generated by CCC's procurement service agreements on defence related projects are expected to increase by \$1.0M over the results achieved in 2006–07, but offset by a decrease on fees generated on CCC's structured financing transactions of \$1.3M. Interest income is planned to be at the same level as in 2006–07.

With respect to CCC's expenses, additional contract and related costs are forecasted to be \$2.5M, based on the Corporation's traditional loss rate, and PWGSC fees are expected to be \$4.5M, consistent with 2006–07 actuals. Other operating expenses are forecasted higher at \$17.4M compared to the 2006–07 actual of \$15.7M. The 2006–07 result was lower as CCC's management focused efforts on staffing planned positions and skill sets required to effectively deliver the Corporation's services in addition to reconceptualizing and repositioning its Emerging and Developing Markets business. Consequently, CCC under-spent its human resource, travel and corporate development budgets in 2006–07.

The parliamentary appropriation in 2007–08 for CCC is \$16.2M. This figure includes the last of a phased-in reduction in appropriation, as part of CCC's contribution to government-wide Expenditure Review Committee reductions, and an increase for collective bargaining that was determined by Treasury Board officials.

Risk Management: Overview

The Corporation has successfully supported Canadian exporters through its international trade services for over 60 years. As a result, it has developed a strong and evolving risk management culture. In carrying out its mandate, the Corporation faces risks specific to its business that could significantly impact its ability to achieve its short and long-term objectives. While risks cannot be totally eliminated, the Corporation's strategies strive to mitigate risk with specific risk management processes that are applied to day-to-day business activities as well as projects and initiatives.

Specifically, CCC manages three distinct categories of risk: strategic, operational, and pre/post contracting and procurement. To better link these risks to its objectives, CCC continued to implement its ERM program. Phase one, which benefited from significant participation and support from the Board of Directors, saw the development of the overall ERM Framework. The Framework describes the manner in which CCC's risk appetite and tolerance is established and controlled. It also identifies core principles, responsibilities, and the strategies it has adopted to manage those risks. The Framework underlines CCC's commitment to continuously improving its risk management practices. Phase two of the implementation is currently underway and will collect and consolidate risk information from the business units and relate it to CCC's Corporate Plan. Finally, the Corporation must ensure that the ERM program is properly maintained and that continuous improvements related to risk management are implemented across the Corporation.

Risk Governance

The Board of Directors maintains the overall responsibility to ensure that the Corporation's risk management program is current and effective and reviews the program on an ongoing basis. CCC's management is responsible to develop the risk management structures, policies and procedures for recommendation to the President and subsequent presentation to the Board. This is facilitated through the Risk Table (Committee) whose mandate is to advise the President on risk management issues. Specifically, the Risk Table ensures that the ERM Framework is in place and properly applied to enable risk to be appropriately considered in decision-making.

Categories of Risks: Strategic risks

In developing the Corporate Plan, management and the Board review risks that could interfere with the achievement of corporate objectives. These high level risks are categorized as "strategic risks" and consist of:

Mandate risk:

This risk refers to CCC operating in activities outside the scope of its mandate. To minimize this risk, CCC has re-focused its attention on Defence and other government markets. CCC has also rationalized programs to ensure that duplication of services with other Crown corporations is avoided. As a result, CCC's current service offerings are well within its mandate. New services are reviewed by the Commercial Initiatives Committee of the Board of Directors to ensure that mandate issues are considered.

Organizational risk:

The Corporation must ensure that it has the proper structure and/or capital in place to achieve its objectives. During this year, a restructuring of the Corporation's Defence organization was completed. The restructuring began in 2006–07 and has separated the contract certification/structuring

and contract management functions to increase efficiencies, accountabilities, and the level of internal control.

Reputation risk:

These can arise from events that tarnish CCC's brand, or from poor communication with the Corporation's shareholder. To mitigate such risks, a communications strategy has been undertaken to ensure that shareholders receive corporate information in a timely and efficient manner.

Business Environment risk:

Changes in the economy, business trends, partnering organizations, insurance and banking practices have an impact on the utilization and value of CCC's services to Canadian exporters. CCC spent considerable time this year focusing on developing stronger relationships with its key partners. The risk related to this strategy is that the Corporation's ability to achieve its objectives becomes partly dependent on partner agendas.

Operational risks

Each business and functional unit within the Corporation manages risks associated with people, information and process. The risk owners are the Vice-Presidents of the business and functional units. The ERM team provides oversight and support where needed.

People risk:

People risk includes not having the correct number of people and/or the required skill sets available to meet client expectations and overall corporate objectives. To minimize this risk, the Corporation has successfully recruited a large number of experienced, skilled and motivated employees. It has also promoted from within while restructuring the organization and increased capacity within the functional units. The increase in staff has augmented the Corporation's ability to focus future efforts on business process improvement initiatives.

Information risk:

Failure to ensure that an appropriate information system is available which can generate relevant data in an efficient and effective manner will lead to information risk. Last year, the Corporation continued to review its main information system. This resulted in a recommendation to the Board to replace it with a more efficient and effective product. Implementation will take place in 2007–08.

Process risk:

All organizations have systems and processes in place to provide guidance to staff, control financial transactions and to efficiently manage information. If these systems and processes fail, CCC could realize financial losses or inefficient use of its resources. During the year, two internal audit/reviews were performed on the Corporation's key contracting activities. These related to 1) contract certification and signing and 2) contract management. The audit/reviews highlighted areas where the Corporation could improve its related processes and Management has since taken appropriate steps to implement the recommendations. The majority of this work will take place in 2007–08.

Pre/Post Contracting and Procurement Risks

The Corporation is sensitive to the need of protecting taxpayers by effectively and prudently managing risk in its business transactions, specifically its export contracts and other procurement activities. In undertaking these transactions, the following key risk areas are evaluated:

Contract risk:

This risk is related to the terms and conditions held within CCC's foreign and domestic contracts. Different types of projects require terms and conditions that may lead to increased risk for the Corporation. More stringent contracting requirements were set in place during the year to offset this risk.

Performance risk:

Performance risk refers to the risk that the Corporation's exporters fail to supply goods and services to the foreign buyer consistent with the terms and conditions of the contract. The phase out of the Progress Payment Program and the increased focus on stronger suppliers has resulted in a lower overall risk portfolio.

Foreign credit risk:

Foreign credit risk is the risk that the foreign party will not honour its obligation to pay for the goods and/or services under its contract with the Corporation. The Corporation accepts AAA rated credit risk of foreign governments and commercial parties. It may also accept securities to back up customers' payment obligations where the credit rating is below that of AAA. In all other cases, the Corporation passes the credit risk through to the exporter. Often, the exporter will use the financing and insurance services of Export Development Canada to mitigate these credit exposures.

Export contract foreign exchange risk:

Foreign exchange risk is the risk that the foreign currency under the contract fluctuates negatively against the Canadian dollar over the term of the contract resulting in lower Canadian dollar revenues for the exporters. The Corporation passes this risk onto the exporter by way of CCC's back-to-back contracting mechanism. CCC only pays exporters in the base currency of the foreign contract.

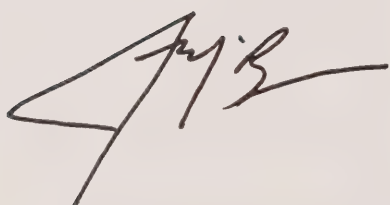
Management Responsibility For Financial Statements

The financial statements of the Canadian Commercial Corporation and all information in this annual report are the responsibility of management. The statements have been prepared in accordance with Canadian generally accepted accounting principles, using management's best estimates and judgments, where appropriate. Financial information presented elsewhere in the annual report is consistent with the statements.

In support of its responsibility, management has developed and maintains books of account, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information, that assets are safeguarded and controlled, and that transactions of the Corporation are in accordance with the *Financial Administration Act* and regulations and, as appropriate, the *Canadian Commercial Corporation Act* and the by-laws of the Corporation.

The Audit Committee oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting. The Audit Committee meets with management and the internal and external auditors to review the manner in which these groups are performing their responsibilities and to discuss auditing, internal controls and other relevant financial matters. The Audit Committee has reviewed the financial statements with the external auditor and has submitted its report to the Board of Directors. The Board of Directors has reviewed and approved the financial statements.

The Corporation's external auditor, the Auditor General of Canada, audits the financial statements in accordance with Canadian generally accepted auditing standards, and expresses her opinion on the financial statements.



John McBride
President and CEO



Michel Houle, CMA
Vice-President, Risk and Finance
and CFO

Ottawa, Canada
May 25, 2007

Auditor's Report



Auditor General of Canada
Vérificatrice générale du Canada

To the Minister of International Trade

I have audited the balance sheet of the Canadian Commercial Corporation as at March 31, 2007 and the statements of operations and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Canadian Commercial Corporation Act* and the by-laws of the Corporation.

Douglas G. Timmins, CA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 25, 2007

Financial Statements and Notes

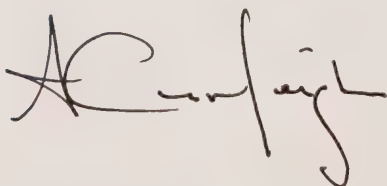
Balance Sheet

As at March 31 (in thousands of dollars)

	2007	2006
Assets		
Cash and cash equivalents (Note 4)	\$ 109,961	\$ 62,650
Accounts receivable (Note 5)	257,086	179,266
Receivable from the Government of Canada (Note 14)	—	1,149
Advances to Canadian exporters	140,458	28,411
Progress payments to Canadian exporters	51,457	58,297
	558,962	329,773
Capital assets (Note 6)	1,396	2,238
	<u>\$ 560,358</u>	<u>\$ 332,011</u>
Liabilities		
Accounts payable and accrued liabilities (Note 5)	\$ 276,017	\$ 182,838
Advances from foreign customers	180,575	44,397
Progress payments from foreign customers	50,091	56,833
Provision for additional contract and related costs (Note 9)	8,697	6,431
	515,380	290,499
Employee future benefits (Note 7)	991	977
	<u>516,371</u>	<u>291,476</u>
Contractual obligations, contingencies and commitments (Notes 8, 10 and 15)		
Equity of Canada		
Contributed surplus (Note 1)	28,000	28,000
Retained earnings	15,987	12,535
	43,987	40,535
	<u>\$ 560,358</u>	<u>\$ 332,011</u>

The accompanying notes are an integral part of the financial statements.

Approved:



Alan R. Curleigh
Chair, Board of Directors



Norman A. Turnbull, CA
Chair, Audit Committee

Statement of Operations and Retained Earnings

For the year ended March 31 (in thousands of dollars)

2007

2006

Revenues

Commercial trading transactions (Note 11)	\$ 1,136,614	\$ 1,064,941
Less: cost of commercial trading transactions	1,127,481	1,056,634

Gross margin	9,133	8,307
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Net interest income	2,633	2,020
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Loss on foreign exchange	(385)	(224)
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Net revenues	11,381	10,103
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Expenses

Additional contract and related costs (Note 9)	4,872	4,272
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Administrative expenses (Note 12)	19,980	20,590
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Total expenses	24,852	24,862
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Net results of operations before Parliamentary appropriations	(13,471)	(14,759)
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Parliamentary appropriations (Note 14)	16,923	16,181
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Net results of operations	3,452	1,422
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Retained earnings at beginning of year	12,535	11,113
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Retained earnings at end of year	\$ 15,987	\$ 12,535
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The accompanying notes are an integral part of the financial statements.

Statement of Cash Flows

For the year ended March 31 (in thousand of dollars)

2007

2006

Cash flows from operating activities

Receipts from foreign customers	\$ 1,179,098	\$ 1,066,807
Interest received	2,633	2,020
Fees for service and other income received	9,133	8,307
Payments to Canadian exporters	(1,142,111)	(1,064,347)
Administrative payments	(19,144)	(20,035)
Parliamentary appropriations	18,072	15,038
Cash provided by operating activities	47,681	7,790

Cash flows from investing activities

Disposal (purchase) of capital assets	15	(1,369)
Cash provided by (used in) investing activities	15	(1,369)

Effect of exchange rate changes on cash and cash equivalents	(385)	(224)
Increase in cash and cash equivalents	47,311	6,197
Cash and cash equivalents at beginning of year	62,650	56,453
Cash and cash equivalents at end of year	\$ 109,961	\$ 62,650

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements

March 31, 2007

1. Nature, organization and funding

The Canadian Commercial Corporation (the "Corporation") was established in 1946 by the *Canadian Commercial Corporation Act* (the "Act") and is an agent Crown corporation listed in Part 1 of Schedule III of the *Financial Administration Act*.

The Corporation generally acts as the prime contracting agency when foreign governments, international organizations, or foreign private sector buyers wish to purchase products and services from Canada through the Canadian Government. The Corporation enters into contracts with these foreign customers and into corresponding supply contracts with Canadian exporters.

Parliament has provided the Corporation with \$28 million as contributed surplus. Annually, the Corporation's operations are funded primarily through a combination of parliamentary appropriations, interest income, cost recovery, fees for service and discounting revenues.

The Corporation is not subject to the provisions of the *Income Tax Act*.

2. Significant accounting policies

These financial statements were prepared in accordance with Canadian generally accepted accounting principles. A summary of significant policies follows:

(a) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. The most significant management estimates are the provision for additional contract and related costs and the provision for employee future benefits. Actual results could differ significantly from those estimates as factors impacting the ability of Canadian exporters to fulfill their contracts change or there are changes in the Corporation's discount rate and rate of compensation increases. Any changes in estimates are reflected in the financial statements in the period in which they become known.

(b) Contracts

The Corporation records its commercial trading revenues, and related costs, when a delivery has taken place thus passing title of the purchased goods to the foreign customer, or, in the case where the contract provided for progress payments, upon acceptance by the Corporation for work performed.

Progress payments, where allowed, represent payments from foreign customers and payments to Canadian exporters on contracts associated with the work performed on a contract leading up to delivery. Usually these payments represent up to 75 percent of costs incurred. Since title has not yet passed to foreign customers, the Corporation recognizes the progress payments made to Canadian exporters as an asset and the progress payments received from foreign customers as a liability. Progress payment assets and liabilities are reduced upon completion of delivery and acceptance by the foreign customer.

Advances from foreign customers and advances to Canadian exporters represent a down payment made at the outset of the contract before any work has been performed. The Corporation recognizes the advances made to Canadian exporters as an asset and the advances received from foreign customers as a liability. Advances made and received are reduced upon completion of delivery and acceptance by the foreign customer.

Prior to the amendment of the *Canadian Commercial Corporation Act* on April 19, 2002, the Corporation was only allowed to recover costs directly incurred upon securing specific international contracts. Amounts recovered on international contracts signed prior to this date are recognized in commercial trading revenues as earned when:

- (1) deliveries have been made by the Canadian exporter; or
- (2) substantial work has been performed by the Canadian exporter in the case of progress payments.

Upon the coming into force of this amendment to the Act, the Corporation was permitted to charge commercial fees for services. Commercial fees generated on international contracts signed on or subsequent to April 19, 2002 are recognized in commercial trading revenues when services are rendered.

The Corporation also offers, in certain circumstances, early payment on amounts owing to Canadian exporters in exchange for a fee. This discounting revenue is determined by applying a set percentage ranging from 0.03%, for one day of advance payment, to 1.32%, for forty days of advance payment. Discounting revenues are recognized in commercial trading revenue when the services are provided to the Canadian exporters.

Finally, the Corporation is responsible for ensuring that the terms of the contract with the foreign customer are fulfilled regardless of the quality of performance by the Canadian exporter. If the Canadian exporter fails to fulfill its domestic contract obligations to the Corporation, the Corporation may encounter additional contract and related costs. These costs and the associated provision are determined on a contract-by-contract basis, and include completion, re-procurement, associated legal and other costs that are based on quotes or estimates. These costs are recorded in the statement of operations in the year in which the non-performance is identified and the additional costs to be incurred by the Corporation are reasonably determinable.

(c) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the year-end exchange rates. Revenues and expenses are translated at the average monthly exchange rate. Any gains or losses on foreign currencies are recorded as a gain or loss on foreign exchange on the Statement of Operations and Retained Earnings.

Working capital is maintained in currencies other than Canadian dollars to facilitate cash flows between foreign customers and Canadian exporters.

(d) Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits and temporary investments, maturing in less than three months from acquisition date.

(e) Capital assets

Capital assets include costs associated with the design and development of information systems and leasehold improvements that are recorded when significant. Information systems are amortized after technological feasibility is established on a straight-line basis over the estimated useful life of five years. Leasehold improvements are amortized on a straight-line basis over the remaining life of the lease agreement.

(f) Parliamentary appropriations

Parliamentary appropriations that are not in the nature of contributed surplus are recorded as funding in the year for which they are appropriated, except for appropriations restricted by legislation and related to expenses of future periods which are deferred and recognized as funding in the period in which the related expenses are incurred. Appropriations used for the purchase of capital assets are deferred and amortized into income on the same basis as the related asset.

(g) Interest income

Interest income is recorded on an accrual basis and represents interest earned on investments held throughout the year.

(h) Employee future benefits

i) Pension benefits

All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Corporation's contributions reflect the full cost as employer. This amount is currently based on a multiple of an employee's required contributions and may change over time depending on the experience of the Plan. The Corporation's contributions are expensed during the year in which the services are rendered and represent the total pension obligation of the Corporation. The Corporation is not currently required to make contributions with respect to any actuarial deficiencies of the Public Service Pension Plan.

ii) Employee severance benefits

Employees are entitled to severance benefits, as provided for under labour contracts and conditions of employment. The cost of these benefits is accrued as employees render the services necessary to earn them. The cost of the benefits earned by employees is actuarially determined using the projected benefit method prorated on services. The valuation of the liability is based upon a current market-related discount rate and other actuarial assumptions, which represent management's best long-term estimates of factors such as future wage increases and employee resignation rates. The excess of any net actuarial gain (loss) over 10% of the benefit obligation is amortized over the average remaining service period of active employees. The average remaining service period of active employees covered by this plan is 12 years (2006 — 12 years). These benefits represent the only obligation of the Corporation that entails settlement by future payment.

An update of the actuarial evaluation was performed at March 31, 2007. The last full actuarial evaluation was done March 31, 2006 and the next one is scheduled for March 31, 2008.

(i) Future accounting changes

In January 2005 the Canadian Institute of Chartered Accountants (CICA) issued the following two accounting standards that will impact the Corporation:

Section 3855 — Financial Instruments — Recognition and Measurement — This standard establishes criteria for the recognition, derecognition, measurement and classification of financial instruments. The Corporation will be required to categorize its financial assets as held for trading, held to maturity, available for sale, or as loans and receivables. The Corporation will also be required to categorize its financial liabilities as held for trading or other liabilities. The related accounting treatment will be dependent on the classification. Financial assets and liabilities categorized as held for trading or available for sale are to be measured at fair value while financial assets and liabilities held to maturity, loans and receivables, and other liabilities are to be measured at amortized cost.

Section 1530 — Comprehensive Income — This standard requires certain gains and losses such as those arising from the change in the fair value of cash flow hedges or assets classified as available for sale, that would otherwise be recorded as part of net income, to be presented in other comprehensive income until such time as it is considered appropriate for them to be recognized in net income. A new financial statement entitled Comprehensive Income may be required in order to record such amounts until they are realized.

These new standards will come into effect for the Corporation's next fiscal year. The Corporation is in the process of determining the impact that these standards will have on its financial reporting.

3. Fair value of financial instruments

The fair value of cash and cash equivalents, accounts receivable, advances to Canadian exporters, progress payments to Canadian exporters, accounts payable and accrued liabilities, advances from foreign customers and progress payments from foreign customers, since they have short maturities, are equivalent to their carrying amounts.

4. Cash and cash equivalents

As at March 31, 2007, cash and cash equivalents included:

(in thousands of dollars)	2007		2006	
	Original currency	Canadian dollars	Original currency	Canadian dollars
Canadian dollars	58,621	\$ 58,621	36,318	\$ 36,318
U.S. dollars	34,716	40,084	22,282	26,026
Australian dollars	154	143	140	117
Euros	7,086	10,926	—	—
Eastern Caribbean dollars	434	187	434	189
		\$ 109,961		\$ 62,650

The Corporation invests in short-term deposits in Canadian banks. At March 31, 2007, the average term to maturity of short-term deposits was 3 days (2006 — 1 day). The portfolio yield to maturity at March 31, 2007, was 4.50% (2006 — 4.13%). Cash and cash equivalents are recorded at cost, which approximates fair value.

Of the cash and cash equivalents, \$42,090,000 (2006 — \$16,725,000) represents advances and holdbacks received from foreign customers which will be remitted to Canadian exporters at later dates in accordance with contracts. Where contracted, these funds may accrue interest to the credit of the Canadian exporter or foreign customer.

5. Accounts receivable and accounts payable and accrued liabilities

Accounts receivable are based on normal international trade terms and are generally non-interest bearing. The maturity profile of the Corporation accounts receivable was as follows:

(in thousands of dollars)	2007	2006
< 1 year	\$ 250,134	\$ 174,222
> 1 and < 3 years	6,850	4,851
> 3 and < 5 years	102	193
	\$ 257,086	\$ 179,266

Accounts payable are due on normal trade terms, except for accounts payable to certain small-medium enterprises with contracts signed prior to January 2001. Where these contracts have not been completed, related accounts payable are paid within 15 days. The maturity profile of the Corporation accounts payable was as follows:

(in thousands of dollars)	2007	2006
< 1 year	\$ 270,398	\$ 178,432
> 1 and < 3 years	5,619	4,406
	\$ 276,017	\$ 182,838

6. Capital assets

Year ended March 31

			2007	2006
(in thousands of dollars)	Cost	Accumulated amortization	Net book value	Net book value
Information systems	\$3,683	\$ 3,506	\$ 177	\$ 915
Leasehold improvements	1,354	135	1,219	1,323
	\$5,037	\$ 3,641	\$ 1,396	\$ 2,238

Included in administrative expenses was \$827,000 (2006 — \$783,000) of amortization.

7. Employee future benefits

(a) Pension benefits

The Corporation and all eligible employees contribute to the Public Service Pension Plan. This pension plan provides benefits based on years of service and average earnings at retirement. The benefits are fully indexed to the increase in the Consumer Price Index. The Corporation and employees' contributions to the Public Service Pension Plan for the year were as follows:

(in thousands of dollars)	2007	2006
Corporation's contributions	\$ 761	\$ 808
Employees' contributions	\$ 357	\$ 335

(b) Severance benefits

The Corporation provides severance benefits to its employees based on years of service and final salary. This benefit plan is unfunded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. Benefits will be paid from future appropriations. Information about the plan, measured as at the balance sheet date, is as follows:

(in thousands of dollars)	2007	2006
Accrued benefit obligation		
Balance at beginning of year	\$ 1,161	\$ 999
Current service cost	103	71
Interest cost	48	60
Benefits paid	(143)	(135)
Actuarial losses	67	166
Balance at end of year	\$ 1,236	\$ 1,161
Accrued benefit obligation		
at end of the year	\$ 1,236	\$ 1,161
Unamortized net actuarial losses	(245)	(184)
Accrued benefit liability		
at end of year	\$ 991	\$ 977

Accrued benefit obligation as of March 31		
Discount rate	4.25%	6.15%
Rate of compensation increase	2.50%	2.50%

Benefit costs for year ended March 31		
Discount rate	4.25%	6.15%
Rate of compensation increase	2.50%	2.50%

8. Contractual obligations, borrowings and risk management

(a) Contractual obligations

As prime contractor, the Corporation is contractually obligated to complete numerous contracts with foreign customers. As of March 31, 2007 the total contract portfolio value remaining to be fulfilled approximates \$1.9 billion (2006 — \$1.9 billion). The profile of the Corporation's total contract portfolio was as follows:

(in thousands of dollars)	2007	2006
< 1 year	\$ 1,125,385	\$ 1,050,695
> 1 and < 3 years	\$ 549,202	\$ 583,163
> 3 and < 5 years	\$ 134,208	\$ 191,533
> 5 years	\$ 47,817	\$ 35,281

The total contract portfolio remaining to be fulfilled, in addition to the provision for potential additional contract cost provided for in the balance sheet (note 9), represents the Corporation's maximum contractual obligations and is estimated to be \$1,865,309 at March 31, 2007.

In respect of its outstanding contractual obligations, the Corporation has contractual recourse that consists, in all material respects, of back to back contractual obligations against Canadian suppliers in the same amount. In addition, in order to further mitigate its overall exposure, depending upon the results of its due diligence, the Corporation may supplement this recourse by requiring commercial securities including holdbacks, bank guarantees, surety bonds, parent guarantees, insurance assignments, property liens, personal guarantees and shareholder cash held in trust with the Corporation.

(b) Borrowings and other credit arrangements

The *Canadian Commercial Corporation Act* permits the Corporation to borrow from the Consolidated Revenue Fund or enter into other credit arrangements or indemnities from other sources for an amount not to exceed \$90 million.

The Corporation opened a revolving credit facility providing access to funds in the amount of \$40 million Canadian or its U.S. dollar equivalent. Indebtedness under this agreement is unsecured and this credit facility has no expiry date. As at March 31, 2007, there were no draws on this line of credit (2006—nil).

Under the Progress Payment Program, the Corporation indemnified participating banks for amounts they had advanced to Canadian exporters. The Corporation may claim title to the works in progress should a Canadian exporter fail to complete a contract. The amount of outstanding indemnities as of March 31, 2007 was \$244,000 (2006 — \$431,000) and were related to transactions due to be completed in the next year. During the prior year, the Corporation confirmed its intention to exit from the Progress Payment Program. However, there remain two lines of credit outstanding that are expected to be repaid before March 31, 2008.

Under a specific series of financing contracts, included in accounts payable and accrued liabilities, the Corporation owed \$30,627,000 as of March 31, 2007 (2006 — \$35,836,000). These contracts bear interest at the cost of funds plus 0.25% and the Corporation has offered as security certain foreign accounts receivable under certain conditions. The Corporation, however, also has access to a number of commercial securities should the foreign party fail to repay these receivables. The amount of outstanding accounts receivable offered as securities under these arrangements as of March 31, 2007 was \$43,017,000 (2006 — \$36,681,000) and was profiled as follows:

(in thousands of dollars)	2007	2006
< 1 year	\$ 36,342	\$ 31,989
> 1 and < 3 years	\$ 6,675	\$ 4,692

(c) Risk management

In addition to the risk management practices related to the Corporation's contractual obligations, the Corporation generally manages foreign customer credit risk by extending open account terms to parties with a credit rating of at least AAA, and seeks security where the rating falls below this threshold. During the year, 89.30% of the Corporation's commercial trading transactions were with AAA customers.

To address foreign exchange risks, contracts with foreign customers and corresponding contracts with Canadian exporters are generally transacted in the same currency. The Corporation uses this strategy to effectively transfer the currency risk to the Canadian exporter.

9. Provision for additional contract and related costs

The Corporation may incur additional contract and related costs should Canadian exporters fail to fulfill the terms of their contracts. The Corporation has recorded an expense of \$4,872,000 (2006 — \$4,272,000) related to the additional contract and related costs, leaving a balance of \$8,697,000 as of March 31, 2007 (2006 — \$6,431,000), representing management's best estimate of the additional costs which will likely be incurred by the Corporation to meet its contractual obligations.

10. Contingencies

The Corporation is the claimant or defendant in certain pending claims and lawsuits. While the damages being claimed by the plaintiffs are significant, management has, based on advice from legal counsel, recorded in the year a liability when damages are considered likely and the associated costs can be reasonably estimated.

11. Commercial trading transactions

Commercial trading transactions arising from the Corporation's facilitation of sales of Canadian goods to foreign customers, which includes governments, international agencies and other buyers throughout the world, were as follows:

Year ended March 31 (in thousands of dollars)	2007	2006
U.S. government and other buyers	\$ 790,156	\$ 848,917
Other foreign governments and buyers	346,458	216,024
	<u>\$ 1,136,614</u>	<u>\$ 1,064,941</u>

Commercial trading transactions were comprised of contract billings of \$1.1 billion (2006 — \$1.1 billion) and fees for services and other income of \$9,133,000 for the year ended March 31, 2007 (2006 — \$8,307,000).

Orders received are distinct from commercial trading transactions. Orders received describe the value of contracts and amendments signed during the year which amounted to \$1.2 billion for the year ended March 31, 2007 (2006 — \$1.6 billion).

12. Administrative expenses

Administrative expenses included the following:

Year ended March 31 (in thousands of dollars)	2007	2006
Workforce compensation	\$ 9,397	\$ 9,446
Contract management services	4,254	5,380
Rent	1,276	1,158
Consultants	1,106	1,074
Travel and hospitality	1,098	699
Amortization	827	783
Software, hardware and support	735	607
Human resource initiatives and training	367	348
Telecommunication, courier and translation	246	245
Other expenses	674	850
	<u>\$ 19,980</u>	<u>\$ 20,590</u>

13. Related party transactions

The Corporation is related in terms of common ownership to all Government of Canada departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business, under the same terms and conditions that apply to unrelated parties.

(a) Public Works and Government Services Canada

Public Works and Government Services Canada provides contract management and other administrative services to the Corporation at negotiated rates, based in part on the amount of contracts procured, and provides certain functions at cost.

For the year ended March 31, 2007, the cost of these services amounted to \$4,355,000 (2006 — \$5,503,000) and is included in administrative expenses.

Public Works and Government Services Canada has provided the Corporation with some contract management services at no additional cost. It was not practicable to determine the cost of these services. Accordingly, the value of these services was not recorded in the Corporation's accounts.

(b) Department of Justice

The Department of Justice provides legal services to the Corporation and represents it in certain matters. The Corporation pays for these legal services and expenses incurred in connection with specific actions. As of September 1, 2006, legal counsel previously employed by the Department of Justice became employees of the Corporation. For the year ended March 31, 2007, the cost of related party transactions in the amount of \$172,000 (2006 — \$391,000) was included in administrative expenses, and the amount of \$5,000 (2006 — \$224,000) was included in additional contract and related costs.

(c) Other

The Corporation has also entered into commercial trading transactions with the following related government entities:

Year ended March 31 (in thousands of dollars)	2007	2006
Canadian International Development Agency	\$ 61,764	\$ 38,213
Department of National Defence	\$ 35,734	\$ 12,886
Department of Foreign Affairs and International Trade	\$ 781	\$ —
Environment Canada	\$ 327	\$ 498
National Research Council Canada	\$ 10	\$ —
Natural Resources Canada	\$ —	\$ 1,345
Consulting and Audit Canada	\$ —	\$ 248
Industry Canada	\$ —	\$ 54
Crown Assets Distribution Centre	\$ —	\$ 50

As a result of all related party transactions, the amounts due from and to these parties were \$12,805,000 (2006 — \$13,100,000) and \$2,563,000 (2006 — \$199,000) and were included in accounts receivable and accounts payable respectively.

The Corporation also participates in employee interchange programs with other departments or agencies, and recovered/(incurred) the following salaries and benefits charges:

Year ended March 31 (in thousands of dollars)	2007	2006
Privy Council	\$ —	\$ 94
Treasury Board	\$ (19)	\$ —
Public Safety and Emergency Preparedness Canada	\$ (2)	\$ —

14. Parliamentary appropriations

During the year, the Parliament of Canada authorized appropriations for the Corporation in the amount of \$16,923,000 (2006 — \$16,181,000). This amount includes supplementary funding of \$960,000 for retroactive collective bargaining settlements relating to the 2003–04 to 2005–06 fiscal period. As of March 31, 2007, the entire amount had been received (2006 — \$1,149,000 included in receivable from the Government of Canada).

15. Commitments

In October 2005, the Corporation entered into a fifteen-year lease agreement for office space scheduled to expire at the end of September 2020. Future minimum payments by fiscal year on the operating lease for premises over the next five years are as follows:

(in thousands of dollars)	
2007–08	\$ 1,296
2008–09	1,311
2009–10	1,326
2010–11	1,342
2011–12	1,609
2012 and after	15,744

16. Comparative figures

Certain 2005–06 figures have been reclassified to conform with the current year presentation.

ANNEXES

Annex A — Defence Business Unit Performance Against Objectives

OBJECTIVE IN 2006-07 TO 2010-11 CORPORATE PLAN	COMMITMENT	PERFORMANCE AGAINST OBJECTIVES	WAY FORWARD FOR 2007-08
Increasing Client Value	<p>Relationships with key partners</p> <p>>> CCC will strengthen its working relationship with key partners.</p>	<p>>> Strengthened relationship with DND including the appointment of Assistant Deputy Minister Materiel to the CCC Board of Directors.</p> <p>>> Strengthened relationship with DFAIT through the signing of an MOU on service delivery.</p> <p>>> On-going meetings with other government departments to discuss procurement services including with Industry Canada.</p>	<p>Developing more sophisticated partnerships — CCC will continue to work even closer with DFAIT, EDC, DND and CIDA to develop more sophisticated partnerships that can better support Canadian exporters and increase Canadian international trade.</p>
Proactive U.S. Strategy	<p>U.S. prime contractors</p> <p>>> CCC will develop a strategy for dealing with U.S. prime contractors currently supplying U.S. DoD in the interest of defence industrial base coordination between Canada and the U.S.</p>	<p>>> CCC signed two significant contracts with U.S. primes for installation of new wings on Lockheed Martin aircraft, with combined business volumes of over \$170M.</p>	<p>>> Work closer with DND to identify more opportunities for joint procurement in order to increase Canadian export sales and reduce the cost of defence equipment to the Canadian government.</p>

OBJECTIVE IN 2006-07 TO 2010-11 CORPORATE PLAN	COMMITMENT	PERFORMANCE AGAINST OBJECTIVES	WAY FORWARD FOR 2007-08
Leverage relationships beyond the U.S. DoD Market	<p>DSCA agreement</p> <p>>> CCC will endeavor to conclude an agreement with the DSCA with respect to fee based service delivery associated with the application of CCC's sovereign contract service to sourcing supply in Canada in order to address U.S. DoD "international end use" inventory shortages.</p> <p>>> CCC will selectively leverage the DSCA's foreign military sales network in order to facilitate access to defence procurement markets beyond the U.S.</p>	<p>>> CCC reached an agreement-in-principle with DSCA on fee based service for a multi-billion dollar program with delivery schedules starting in late 2008, early 2009.</p>	<p>>> CCC will solidify and formalize its relationship with DSCA to provide Canadian exporters more opportunities abroad and reinforce the Canadian contribution to the North American defence industrial base.</p>
Increase cost effectiveness	<p>Contract Support Services</p> <p>>> CCC intends to reduce its demands on, and subsequent payments to, PWGSC in the first year of the planning period. CCC will also make contingency plans for the development of an internal capacity to provide the contract support services currently delivered by PWGSC.</p>	<p>>> Long term cost reduction was achieved through a rationalization of the work being carried out by PWGSC on behalf of CCC clarifying the roles and responsibilities of both organizations.</p>	<p>>> CCC will continue to increase cost effectiveness.</p>

Annex B — Emerging and Developing Markets Business Unit Performance Against Objectives

OBJECTIVE IN 2006-07 TO 2010-11 CORPORATE PLAN	COMMITMENT	PERFORMANCE AGAINST OBJECTIVES	WAY FORWARD FOR 2007-08
Reconceptualizing the business unit	<p>Realignment of business unit</p> <p>>> The realignment of the Emerging and Developing Markets business unit will necessitate significant evaluation and assessment prior to the implementation of a viable business model that can help Canadian exporters access the international developing market.</p>	<p>>> The newly named Emerging and Developing Markets Business Unit was successful in implementing a realignment to support the new business model. A Mission Vision exercise was carried out early in the year and resulted in a five-year plan that established the over-arching goals and strategic priorities of the Branch and a phased approach for the implementation of a wide range of activities.</p> <p>>> The first year activities involved the development and testing of the Business Model in consultation with Canadian Exporters, foreign clients, potential partners, legal and regulatory bodies as well as the shareholders of the Corporation. Once approved, the implementation and internal organization followed, with several initial staffing actions and reallocations having been completed to establish the functional teams.</p>	<p>>> CCC will work with EDC to identify and pursue opportunities for exporters where EDC is already providing financing to foreign public sector buyers such as in Asia.</p> <p>>> The Corporation will also work with DFAIT and CIDA to identify and pursue markets and opportunities for Canadian exporters in Africa and Latin America.</p>

OBJECTIVE IN 2006-07 TO 2010-11 CORPORATE PLAN	COMMITMENT	PERFORMANCE AGAINST OBJECTIVES	WAY FORWARD FOR 2007-08
<p>Repositioning existing business</p>	<p>EPC/EPCM</p> <p>>> Going forward, CCC will assess the sustainability of undertaking Engineering Procurement Construction (EPC) and Engineering Procurement Construction Management (EPCM) projects in consultation with EDC and DFAIT in order to determine a viable and relevant business model.</p>	<p>>> CCC re-evaluated its EPC and EPCM projects in consultation with CIDA's Industrial Cooperation Program (CIDA-INC), EDC, and DFAIT in order to determine a viable and relevant business strategy. As a result, CCC developed a new approach based on enhanced relationships with key partners. CCC will develop systematic links to funding and financing structures available to developing countries from development organizations such as CIDA or export credit agencies like EDC.</p>	<p>>> CCC will work with EDC to identify and pursue opportunities for exporters where EDC is already providing financing to foreign public sector buyers such as in Asia.</p> <p>>> The Corporation will also work with DFAIT and CIDA to identify and pursue markets and opportunities for Canadian exporters in Africa and Latin America.</p> <p>>> With EDC, the focus will be on connecting CCC's government-to-government contracting and procurement services with EDC's finance and insurance offerings for the benefit of Canadian exporters.</p> <p>>> With CIDA, CCC is well positioned to work with CIDA-INC, a program that provides cash contributions to Canadian companies to undertake feasibility studies and implementation support and provides a market entry vehicle for Canadian firms wishing to undertake developmental infrastructure projects.</p>

OBJECTIVE IN 2006-07 TO 2010-11 CORPORATE PLAN	COMMITMENT	PERFORMANCE AGAINST OBJECTIVES	WAY FORWARD FOR 2007-08
Managing existing commitments	<p>Emerging and Developing Markets</p> <p>>> CCC will also have to ensure that its business relationships in the Caribbean are kept intact. During EDM's transitional period, the Corporation will also carry a small number of residual Progress Payment Program projects on its books as they approach completion.</p>	<p>>> In maintaining these existing commitments, CCC worked closely with EDC and the Department of Finance on the Corporation's structured finance business mandate and model. CCC is pleased to report that business relationships and trade was maintained within program constraints and in many cases exceeding expectations in terms of overall results.</p>	<p>>> CCC will collaborate with EDC to develop a new model for Canadian business in the Carribbean.</p>

OBJECTIVE IN 2006-07 TO 2010-11 CORPORATE PLAN	COMMITMENT	PERFORMANCE AGAINST OBJECTIVES	WAY FORWARD FOR 2007-08
Identifying new capacity requirements	<p>Relationships with key partners</p> <p>>> CCC will strengthen its working relationship with key partners.</p>	<p>CCC was successful in strengthening its relationships with key partners.</p> <p>The following activities were carried out:</p> <p>>> EDM concluded discussions with DFAIT on the details of an MOU, which will allow CCC to carry out supply arrangement activities in support of the Stabilization and Reconstruction Task Force (START) as well as Counter Terrorism Capacity Building Program (CTCBP) objectives.</p> <p>>> Carried out urgent RCMP requirements for the Afghan National Police (ANP).</p> <p>>> Carried out urgent Defence Research Development Canada (DRDC) requirements for equipment destined for Southeast Asia.</p> <p>>> Entered into a pilot project with DFAIT to allow CCC to maintain a regional presence.</p>	<p>>> CCC will continue to work even closer with DFAIT, EDC, and CIDA to develop more sophisticated partnerships that can better support Canadian exporters and increase Canadian international trade.</p>

Annex C — Corporate Performance Against Objectives

OBJECTIVE IN 2006-07 TO 2010-11 CORPORATE PLAN	COMMITMENT	PERFORMANCE AGAINST OBJECTIVES	WAY FORWARD FOR 2007-08
Assuring exemplary corporate governance	<p>>> Governance Compliance with the applicable measures identified in the governance framework for Canada's Crown corporations.</p> <p>>> Planning Process Target is 100% on-time delivery of key corporate planning and reporting documents to shareholder.</p> <p>>> Public Policy Alignment Target is to develop a framework for CCC performance against key trade policy objectives CCC supports on a day-to-day basis.</p> <p>>> Operational Excellence Target is to develop a framework for CCC performance in addressing operating deficiencies identified by audits.</p> <p>>> Stewardship of Public Resources 2006-07 target for Capital Preservation (Return on Equity) is 2.3% and target for Performance Against Operating Budget is actual results within +/- 5% of budget.</p> <p>>> Corporate Social Responsibility (CSR) Target is to develop a framework for understanding progress in key CSR areas of focus.</p>	<p>>> Governance The Board of Directors has carefully considered the Corporate Governance Guidelines set forth in the <i>Governance Framework for Canada's Crown Corporations</i> and fully complies with all relevant measures applicable to the Corporation.</p> <p>>> Planning Process and Public Policy Alignment The Board is ultimately responsible for CCC's management and closely reviews its performance. The Board sets the Corporation's strategic direction to ensure that the Corporation meets its public policy objectives in the most efficient manner.</p> <p>>> Operational Excellence CCC is addressing deficiencies identified in the 2004 Special Examination by the OAG. Specifically, during 2006-07, CCC took further steps to strengthen contract management and risk management.</p> <p>>> Stewardship of Public Resources The Corporation has achieved a return on equity of 8.5%. The Performance Against Operating Budget was 8% of CCC's 2006-07 budget.</p>	<p>>> Governance — The Corporation continues to work closely with the government and other Crown corporations with a view of meeting all regulations and other recommendations.</p> <p>>> Planning Process and Public Policy Alignment — For 2007-08 CCC will continue its commitment to the on-time delivery of all planning and reporting documents.</p> <p>>> Operational Excellence — CCC will continue to examine closely all audit results, and will take action to address concerns.</p> <p>>> Corporate Social Responsibility — CCC will continue to improve its internal accountability and transparency.</p>

OBJECTIVE IN 2006-07 TO 2010-11 CORPORATE PLAN	COMMITMENT	PERFORMANCE AGAINST OBJECTIVES	WAY FORWARD FOR 2007-08
Assuring exemplary corporate governance (continued)		>> Corporate Social Responsibility The Corporation has added a contract provision stipulating that CCC has the right to revoke the contract should the Corporation find out that the business was obtained by unfair means including through bribery. In addition, CCC is continuously improving its internal accountability and transparency; for example, the Corporation is introducing an internal whistle-blowing process.	
Fostering highly motivated and skilled personnel	>> Climate Assessment Target is to increase favourable rating by employees of the internal environment of the Corporation by 10%. >> Employee Engagement Target is to develop a framework for understanding performance around employee engagement. >> Workforce Productivity Target is to develop a framework for understanding performance around workforce productivity.	>> CCC started developing a renewed human resources strategy. Building a culture of excellence, engagement and teamwork continues to be CCC's objective. This renewed strategy will help to guide succession planning, knowledge management, and strategic competencies and capabilities for the long-term and will align human resource policies and procedures for the future.	>> CCC will develop a renewed corporate human resources strategy to guide succession planning, knowledge management, and strategic competencies and capabilities needed for the long-term.

OBJECTIVE IN 2006-07 TO 2010-11 CORPORATE PLAN	COMMITMENT	PERFORMANCE AGAINST OBJECTIVES	WAY FORWARD FOR 2007-08
Building effective partnerships	<p>>> Partner Engagement Target is to develop a framework for measuring the effectiveness of key relationships with our partners.</p> <p>>> Voice of Customer — 2006-07 target for the Client Value Index, a measure of the value we deliver to our client partners, is 7.9. 2006-07 target for the Client Loyalty Index, a measure of the health of the relationship with our client partners, is 80%.</p>	<p>>> CCC examined closely all its partnerships to ensure that its relationships going forward clearly fit into CCC's more defined strategic focus.</p> <p>>> CCC chose not to undertake the Voice of the Customer survey in 2006-07.</p>	<p>>> Developing more sophisticated partnerships — Continue to work even closer with DFAIT, EDC, DND and CIDA to develop more sophisticated partnerships that can better support Canadian exporters and increase Canadian international trade.</p>
Implementing robust business processes along with meaningful performance measures	<p>>> Process Flow Optimization To understand key business process effectiveness (as measured through service value), efficiency (as measured through cycle time and cost improvements), and optimize for risk management, automation and security considerations.</p> <p>>> Process Flow Management Target is to develop a framework for the evaluation of how effectively CCC manages documents, shares, enforces, and measures — key business process flows.</p>	<p>>> CCC began a thorough evaluation of its business processes in the context of evaluating and implementing a new Enterprise Resource Planning system to replace its current system.</p>	<p>>> CCC will build on the Enterprise Risk Management framework introduced in 2005-06, through Business Process Improvement and implementation of a new ERP system.</p> <p>>> Establishing performance measurement is an important component of the ERP system, which will be implemented in 2007-08.</p>

OBJECTIVE IN 2006-07 TO 2010-11 CORPORATE PLAN	COMMITMENT	PERFORMANCE AGAINST OBJECTIVES	WAY FORWARD FOR 2007-08
Strong financial performance	<p>>> Financial Performance</p> <ul style="list-style-type: none"> • Target for new orders is \$1.2B. • Target for revenues is \$25,579,000. • Target for operating surplus is \$928,000. • Target for cost reduction is \$880,000. • Target for average non-direct overhead costs (non-attributable overhead) is 20.0%. • Target is to demonstrate CCC's excellence in international contracting by reducing additional contract costs to 0.2% of annual contract billings. 	<p>>> Financial Performance</p> <ul style="list-style-type: none"> • New orders were \$1.2B. • Revenues were \$28,691,000. • Operating surplus was \$3,452,000. • Cost reduction was \$10,000. Although CCC was able to reduce its administrative expenses by \$0.6M, including a \$1.1M reduction in PWGSC related expenses, this was offset by a \$0.6M increase in additional contract and related costs. • Average percent of non-direct overhead costs (non-attributable overhead) was 34.0%. • Additional contract costs were 0.4% of annual contract billings. 	<p>>> CCC will continue to deliver strong financial results</p> <ul style="list-style-type: none"> • Target for new orders is \$1.6B. • Target for revenues is \$27,441,000. • Target for operating surplus is \$2.9M. • Target is to demonstrate CCC's excellence in international contracting by reducing additional contract costs to 0.2% of annual contract billings.

Annex D — Corporate Overview

Mandate and public policy purpose

The Canadian Commercial Corporation is governed by its enabling legislation, the 1946 *Canadian Commercial Corporation Act*. The Act outlines CCC's broad mandate, which is to assist in the development of trade by helping Canadian exporters access markets abroad and by helping foreign buyers obtain goods from Canada. The legislation also provides CCC with a range of powers, including the ability to export goods and commodities from Canada either as principal or as agent in such a manner and to such an extent as it deems advisable. In this way, CCC negotiates and executes bilateral government-to-government procurement arrangements, facilitating export transactions on behalf of Canadian exporters.

The Corporation was established over sixty years ago to support the development of trade between Canada and other countries and, while its context continues to change, its fundamental public policy objective remains relevant — to connect Canadian exporters with defence, and emerging and developing country market opportunities. For fifty years, CCC has been responsible for helping Canada meet its commitments under the Defence Production Sharing Agreement, which was put in place to foster a North American Defence industrial base. The services offered under the DPSA remain the largest single business line for the Corporation (between \$650M and \$750M of business with the U.S. DoD annually), illustrating the role played by CCC in fostering an effective relationship with the United States, Canada's most important trading partner. In addition, by providing a number of specialized procurement services for transactions involving public sector markets abroad, CCC has played, and will continue to play, a significant role in the success of Canada's exporters.

These activities and outputs clearly demonstrate the importance of CCC in helping the Government of Canada to achieve its overall goals of building "a strong and mutually beneficial North American partnership" and "a prosperous Canada through global commerce."

Corporate profile

CCC is a parent Crown Corporation under Schedule III Part I of the *Financial Administration Act*, and reports to Parliament through the Minister of International Trade. It is funded through three distinct streams: appropriations voted by the Parliament of Canada, fees generated by service offerings, and interest income. The Corporation is headquartered in Ottawa and employs approximately 100 people.

Overview of economic/policy sectors in which the Corporation operates

One of the most important relationships CCC has is with its International Trade portfolio partners. CCC works closely with DFAIT, which provides critical international and domestic front-line client and market intelligence services in addition to its overall responsibility for trade policy, and multilateral and bilateral trade agreements. Similarly, EDC export financing and insurance products are an important complement to CCC's contracting and procurement services. Other important relationships in the government are with DND and CIDA.

Principal business and activities

As Canada's international contracting agency, CCC offers two principal services: government-to-government contract service, and procurement agent service.

>> *Government-to-government contract service* — CCC sells to a foreign government and acts as the prime contractor. As such, CCC undertakes due diligence of supplier capabilities backed by a contractual commitment of performance, performs contract management including billing and payment services, and provides a dependable procurement process.

>> *Procurement agent service* — CCC acts as a buyer and/or agent for foreign governments (or for the Canadian government when it is providing goods to a foreign government). In addition, CCC provides knowledge of Canadian capabilities, pricing and contract structuring.

Organizational structure

CCC is governed by a Board of Directors, which is responsible for the affairs of the Corporation and ensures the proper delivery of public policy on behalf of the Government of Canada. The Board provides leadership and guidance to the Corporation's management team, and analyzes and sets the Corporation's strategic direction. It is composed of a Chairperson, the President, and nine Directors appointed by the Minister of International Trade and approved by Governor-in-Council.

The Corporation is structured to address its objective of connecting Canadian exporters with defence, and emerging and developing country market opportunities, and has two operational business units: Defence business unit; and Emerging and Developing Markets business unit.

Annex E — Profiles of the Members of the Board of Directors

As of March 31, 2007



Alan Curleigh

Chairman
CCC Board of Directors
Montréal, Quebec

Mr. Curleigh has been the non-executive Chair of the Board of Directors of CCC since November 5, 2002. He has significant private sector experience, with his last executive appointment being Executive Vice President and member of the Board (as well as two subsidiaries) of a major engineering contracting firm in Canada. He has spent many years on the Board of the Canadian Manufacturers and Exporters (CME) and its predecessor organization — The Canadian Exporters Association, and also sits on the Board of a Canadian financial institution engaged in the financing of export transactions, and the advisory Board of the Business faculty at the University of New Brunswick — his alma mater.



Martine Corriveau-Gougeon

President
Gestion Corriveau-Gougeon Inc.
St. Bruno, Quebec

Martine Corriveau-Gougeon is currently President of Gestion Corriveau-Gougeon Inc., a company she founded in 2004. Since 1995, she has been successively President of Télébec, Senior Vice-President Operations of Bell Canada and President and Chief Executive Officer of Silonex, a manufacturer of opto-electronic sensors. Ms. Corriveau-Gougeon holds an engineering degree from McGill University. Her diversified experience allows her to perform both in start-up environments and in more mature organizations. Ms. Corriveau-Gougeon is also a member of the Board of Directors of l'Agence Métropolitaine de Transport. She was Chair of the Board of l'École de Technologie Supérieure (2003–2004), a member of the Premier of Quebec's Advisory board on deregulation (1998–2000) and a member of the Executive committee of the Quebec Provincial Chamber of Commerce (1996–2000). Ms. Corriveau-Gougeon was appointed to CCC's Board of Directors on May 5, 2005.



John Duffy

Chief Financial Officer and
Vice President, Finance
Neate Roller Limited
Mississauga, Ontario

John Duffy is a Chartered Accountant who, along with two partners, owns and operates Neate Roller Limited, a foodservice distribution company serving only chain restaurants primarily in Ontario and Quebec. A seasoned business executive, Mr. Duffy brings an analytical financial perspective to strategic and day-to-day issues faced by the organizations that are either businesses or not for profit entities. The scope of Mr. Duffy's expertise is wide ranging and includes corporate and financial restructuring; union negotiations, human resource management; strategic, short term and long term planning; acquisitions and divestitures and extensive systems implementations. Mr. Duffy was appointed to CCC's Board of Directors October 28, 2003 and resigned his position on March 26, 2007.



Dan Ross

**Assistant Deputy Minister
Materiel
Department of National Defence
Ottawa, Ontario**

Mr. Ross has senior executive experience in the public sector including terms as Associate Assistant Deputy Minister of the Operations Branch of Public Works and Government Services Canada, Deputy to the Foreign Policy Advisor to the Prime Minister, and Director of Operations for the Foreign and Defence Policy Secretariat at the Privy Council Office. He is currently Assistant Deputy Minister of Materiel in the Department of National Defence. He was appointed to the Board of Directors of CCC on October 30, 2006.



Andrew Saxton

**Chairman
King George Financial Corporation
Vancouver, British Columbia**

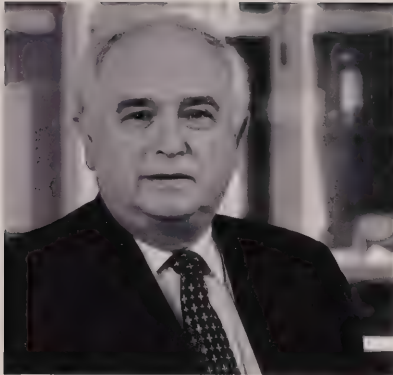
Mr. Saxton served as Executive Vice-President and Director of Laurentide Financial Corporation Ltd., President of Elite Insurance Company, Chairman of Grouse Mountain Resorts Ltd., Director of BC Television Broadcasting System Ltd., President of The Granville Island Hotel and Marina Ltd. and Chairman of King George Development Corporation. It is notable that he was a founding member of all these companies. His extensive private sector experience and business accomplishments have led to several appointments to the boards of federal and provincial Crown corporations and agencies including the Canadian Forces Liaison Council and the Insurance Corporation of BC, where he was a director and chairman of the Investment Committee. His current corporate appointments include chairmanship of King George Financial Corporation and board membership of Imperial Parking Canada Corporation, Earthworks Industries Inc. and the University of British Columbia Investment Management Trust. Mr. Saxton was most recently appointed to CCC's Board of Directors on October 20, 2005.



Dave W. Stapley

**President
DRS Technologies Canada Inc.
Senior Vice-President
DRS Technologies Inc., International
Business Development/Government
Relations
Carleton Place, Ontario**

Mr. Stapley is currently President of DRS Technologies Canada Inc. and Senior Vice President of International Business Development/Government Relations at DRS Technologies Inc., where he is responsible for developing corporate strategy for international (non-U.S.) business development, country strategies where appropriate and leading selective marketing campaigns. He has held and continues to hold management and Board positions in a number of organizations including the Canadian Association of Defence and Security Industries, and the Canadian NATO Industrial Advisory Group. Mr. Stapley was appointed to the Board of Directors of CCC on October 28, 2003.



Ken Sunquist

Assistant Deputy Minister
Global Operations and Chief Trade
Commissioner
Foreign Affairs and International
Trade Canada
Ottawa, Ontario

Mr. Sunquist joined the Trade Commissioner Service in 1973. His assignments at DFAIT have included Director of the Export Information Division, Acting Director General of the Trade Communications Bureau, and Director of the Trade Development Liaison and Special Projects Division. From 2001 to 2003, he was Director General, Trade Commissioner Service Operations and Services, from December 2003 to February 2005, he was Assistant Deputy Minister, International Business and Chief Trade Commissioner, and from February 2005 to June 2006, he was Assistant Deputy Minister, World Markets Branch. He is a member of the Board of Governors of the National Quality Institute and a member of the Board of Directors of the Canada-China Business Council, the Estey Centre for Law and Economics in International Trade, the Board of the Trade Facilitation Office Canada, and the Board of Emerging Dynamic Global Economies (EDGE) Network. Mr. Sunquist was appointed to the Board of Directors of CCC on May 13, 2004.



Norman A. Turnbull, CA

Partner and CFO
MinQuest Capital Inc.
Montréal, Quebec

Mr. Turnbull is a Chartered Accountant and is currently Partner and CFO of MinQuest Capital Inc., an international mining sector investment fund. Prior to that, he was the President of NAT Expertise/Conseil. Throughout his extensive career in the private sector, Mr. Turnbull has served as CFO of Quebec based large corporations such as Gaz Métropolitain inc., Rolland Inc., Boreal Insurance inc., Mazarin Mining Corporation and Desjardins Financial Corporation. As a result, Mr. Turnbull has acquired expertise in finance and control; strategic planning; business and corporate development; mergers and acquisitions; and governance. He is a graduate from the Institute of Corporate Directors in addition to acting as special advisor to the audit committee of l'Agence Métropolitaine de Transport. He is currently a member of the Board of Directors and investment committee of SSQ Société d'assurance-vie inc. and Le Fonds d'investissement actions-croissance PME Inc. where he chairs the audit committee and is a member of the surveillance committee. He was appointed to the Board of Directors of CCC on May 5, 2005.



Peter M. Wright

Chairman
Cox and Palmer
Atlantic Canada Lawyers
Moncton, New Brunswick

Mr. Wright is currently a Partner at Cox and Palmer, and has been lead Counsel to many New Brunswick corporations and institutions and regional counsel for various Canadian corporations dealing with mergers and acquisitions, regulatory matters, financings, joint ventures and all other aspects of corporate/commercial law. His current corporate appointments include Director of Southeastern Mutual Insurance Company, and the United General Insurance Corporation. Mr. Wright was appointed to the Board of Directors of CCC on September 5, 2002.

Seats pending appointment: 2

Annex F — Profiles of the Executive Management Team

As of March 31, 2007



John McBride*

President

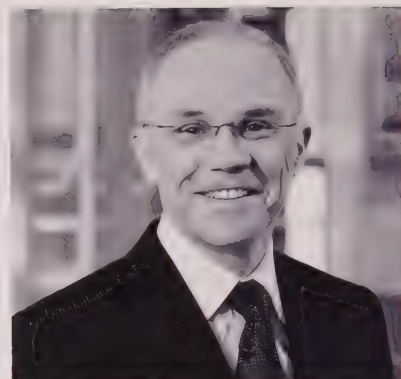
Mr. McBride has over 20 years experience in the public sector where he has held a number of positions with the Department of Finance, the Treasury Board Secretariat, Environment Canada, the Privy Council Office, and most recently the Department of Industry where he was Assistant Deputy Minister. Prior to the Department of Industry, Mr. McBride was on assignment for two years with the Australian government working with industry on climate change and greenhouse gas reduction programs. He was appointed President of CCC on April 4, 2005.



Marc Whittingham

**Vice-President
Strategy and Organizational
Development**

Mr. Whittingham joined CCC in October 2006 as Vice-President, Strategy and Organizational Development. Prior to his appointment, he was Assistant Deputy Minister, Portfolio Relations and Public Affairs at Public Safety Canada. Mr. Whittingham has extensive experience in policy and strategic planning in the federal government. He started his public service career as a Procurement Officer with the Department of National Defence and later as a Finance Officer with Industry Canada. He has also served in the Canadian Forces including as Ship's Supply Officer in Her Majesty's Canadian Ships NIPIGON and IROQUOIS.



Robert Ryan

**Vice-President
Defence**

As Vice-President of Defence, Mr. Ryan is responsible for the management of aerospace and defence sales in the United States and other countries. Prior to his appointment as Vice-President in 2004, Mr. Ryan held various positions within CCC including Director, Aerospace and Defence, and Director, United States Business. He also served for 21 years with the Canadian Forces.

* Also sits on the Board of Directors



Pierre Lemay

**Vice-President
Emerging and Developing Markets**

Mr. Lemay was appointed Vice-President, Emerging and Developing Markets in 2005. Prior to this appointment, he was Executive Director for the Quebec Region at Industry Canada. His long career in the Public Service has provided him with the opportunity to explore many sectors of economic activity both domestically and internationally, as well as substantive experience in programs and services within both the industry and the international trade portfolios of the federal government.



Michel Houle

**Vice-President
Risk and Finance**

Mr. Houle, a Certified Management Accountant, was appointed Vice-President, Risk and Finance at CCC in August 2004. Prior to his appointment, Mr. Houle was Vice-President, Finance and Administration and Chief Financial Officer of Senstar-Stellar Corporation from 1997 to 2004. From 1991 to 1997 Mr. Houle was employed by PPG Canada Inc., where he held various financial positions including the senior financial management role at an automotive glass manufacturing facility.



Tamara Parschin-Rybkin, Q.C.

**Vice-President Legal Services,
General Counsel and Corporate
Secretary**

Ms. Parschin-Rybkin was appointed Vice-President, Legal Services, General Counsel and Corporate Secretary in September, 2006. Prior to this appointment, Ms. Parschin-Rybkin was a Senior Counsel with the Department of Justice, where her numerous responsibilities included being lead counsel for CCC for the last 10 years and prior to that for the Department of Transport during the commercialization of the Canadian civil air navigation system to Nav Canada, General Counsel to the Internal Trade Negotiating Team at Industry Canada and at Natural Resources Canada, lead counsel on the Hibernia Development Project and on the negotiations of the Newfoundland and Nova Scotia Offshore Petroleum Accords.

Acronyms

ANP	Afghan National Police	GPSF	Global Peace and Security Fund
BLL	Brunet, Lebel, Léger & Associates Inc.	GCWCC	Government of Canada Workplace Charitable Campaign
CCC	Canadian Commercial Corporation	MOU	Memorandum of Understanding
CIC	Commercial Initiatives Committee	NASA	National Aeronautics and Space Administration
CICA	Canadian Institute of Chartered Accountants	OAG	Office of the Auditor General
CIDA	Canadian International Development Agency	OECD	Organization for Economic Co-operation and Development
CIDA-INC	CIDA's Industrial Cooperation Program	PWGSC	Public Works and Government Services Canada
CME	Canadian Manufacturers and Exporters	RDP	Canada/U.S. Reciprocal Defence Procurement Agreement
CSR	Corporate Social Responsibility	START	Stabilization and Reconstruction Task Force
CTCBP	Counter Terrorism Capacity Building Program	TCS	Trade Commissioner Service
DAU	Defense Acquisition University	U.S. DoD	United States Department of Defense
DCMA	Defense Contract Management Agency	VTC	Virtual Trade Commissioner
DFAIT	Department of Foreign Affairs and International Trade		
DGIIP	Director General International and Industry Programs		
DND	Department of National Defence		
DPSA	Defence Production Sharing Agreement		
DRDC	Defence Research Development Canada		
DSCA	Defense Security Cooperation Agency		
eCRM	Electronic Client Relationship Management		
EDC	Export Development Canada		
EDM	Emerging and Developing Markets business unit		
EPC	Engineering Procurement Construction		
EPCM	Engineering Procurement Construction and Management		
ERM	Enterprise Risk Management		
ERP	Enterprise Resource Planning		
FAA	Financial Administration Act		
FMS	Foreign Military Sales		
GOTS	Government On-line Trade Services		

Photo credits

Bell Helicopter 412	
Photo courtesy of Bell Helicopter Textron	2
Quito international airport	
Photo courtesy of AECON	3, 6, 18
Photo courtesy of the Department of National Defence. Reproduced with the permission of the Minister of Public Works and Government Services, 2007	9



ACDI	Agence canadienne de développement international		
APPD	Accord sur le partage de la production de défense		
BLL	Brunet, Lebel, Léger et associés		
BVG	Bureau du vérificateur général		
CIC	Comité des initiatives commerciales		
CCC	Corporation commerciale canadienne		
CCMTGC	Campagne de charité en milieu de travail du Gouvernement du Canada		
DAU	Defense Acquisition University		
DCMA	Defense Contract Management Agency		
DCV	Délégué commercial virtuel		
DGPII	Directeur général programmes internationaux et industriels		
DSCA	Defense Security Cooperation Agency		
EDC	Exportation et développement Canada		
FPSM	Fonds pour la paix et la sécurité dans le monde		
GeRC	Gestion électronique des relations avec la clientèle		
GOTS	Government On-line Trade Services		
GRE	Gestion du risque d'entreprise		
GTSR	Groupe de travail sur la stabilisation et la reconstruction		
IAC	Ingénierie, approvisionnement et construction		
IACG	Ingénierie, approvisionnement, construction et gestion		
ICCA	L'institut canadien des comptables agréés		
LGFP	Loi sur la gestion des finances publiques		
MAECI	Ministère des Affaires étrangères et du Commerce international		
MDN	Ministère de la Défense nationale		
MED	Marchés émergents et en développement		



Pierre Lemay

Vice-président
Marchés émergents et en
développement

M. Lemay a été nommé vice-président aux Marchés émergents et en développement en 2005. Avant cela, il était directeur exécutif (Région du Québec) à Industrie Canada. Au fil d'une longue carrière dans la fonction publique, il a travaillé dans de nombreux secteurs d'activité économique, au pays et à l'étranger, et acquis une vaste expérience des programmes et services au sein des portefeuilles de l'industrie et du commerce international du gouvernement fédéral.



Michel Houle

Vice-président
Risque et finance

Comptable en management accrédité, M. Houle a été nommé vice-président Risque et finance de la CCC en août 2004. Auparavant, il était vice-président aux finances et à l'administration et chef de la direction financière de la société Senstar-Stellar (1997 à 2004). De 1991 à 1997, il travaillait chez PPG Canada Inc., où il a occupé diverses fonctions financières, notamment celle d'agent financier principal d'une filiale fabriquant des vitres d'automobiles.



Tamara Parschin-Rybkin, C.R.

Vice-présidente des Services
juridiques, avocate générale et
secrétaire de la Corporation

M^{me} Parschin-Rybkin a été nommée vice-présidente des Services juridiques, avocate générale et secrétaire de la Corporation en septembre 2006. Avant cela, elle était avocate-conseil au ministère de la Justice, où elle était notamment avocate principale de la CCC au cours des dix dernières années et auparavant pour le ministère des Transports durant l'octroi de la commercialisation des services de navigation aérienne civile à Nav Canada, avocate générale des équipes de négociateurs du commerce national d'Industrie Canada, et de Ressources naturelles Canada, et avocate principale du Projet de développement Hibernia et des négociations des Accords sur les hydrocarbures extracôtiers avec Terre-Neuve et la Nouvelle-Écosse.



John McBride*

Président

M. McBride a plus de 20 ans d'expérience dans le secteur public, où il a occupé des postes au ministère des Finances, au Secrétariat du Conseil du Trésor, à Environnement Canada, au Bureau du Conseil privé et, en dernier lieu, au ministère de l'Industrie comme sous-ministre adjoint. Avant le ministère de l'Industrie, il était en poste pendant deux ans dans la fonction publique australienne, où il a travaillé, avec l'industrie, à l'instauration de programmes de réduction des changements climatiques et des gaz à effet de serre. M. McBride a été nommé président de la CCC le 4 avril 2005.



Marc Whittingham

Vice-président

Stratégie et développement organisationnel

M. Whittingham s'est joint à la CCC en octobre 2006 à titre de vice-président, Stratégie et développement organisationnel. Avant cela, il était sous-ministre adjoint aux Relations interorganisationnelles et publiques du portefeuille, Sécurité publique Canada. Il possède une vaste expérience de l'élaboration des politiques et de la planification stratégique dans l'administration fédérale. Il a commencé sa carrière dans la fonction publique comme agent d'approvisionnement au ministère de la Défense nationale. Il a ensuite été agent des finances pour Industrie Canada. Il a servi dans les Forces canadiennes, où il a notamment été agent d'approvisionnement de deux navires canadiens de Sa Majesté : le *Nipigon* et l'*Iroquois*.



Robert Ryan

Vice-président

Défense

Vice-président de l'unité opérationnelle de la Défense, M. Ryan est responsable de la gestion des ventes aérospatiales et militaires aux États-Unis et à d'autres pays étrangers. Avant sa nomination à la vice-présidence en 2004, il a occupé divers postes à la CCC, dont celui de directeur de l'Aérospatiale et de la Défense et de directeur des Affaires États-Unis. Il a aussi servi pendant 21 ans dans les Forces canadiennes.

*Siège aussi au conseil d'administration



Ken Sunquist

Sous-ministre adjoint
Opérations mondiales et Délégué
commercial en chef
Affaires étrangères et Commerce
international Canada
Ottawa (Ontario)

M. Sunquist s'est joint au Service des délégués commerciaux (SDC) en 1973. Au MAECI, il a tour à tour dirigé la Direction de l'information sur les exportations, la Direction générale des communications du commerce (par intérim) et la Direction de la liaison et des projets spéciaux en matière de développement du commerce. De 2001 à 2003, il a été directeur général des Opérations et des Services du SDC, de décembre 2003 à février 2005, sous-ministre adjoint à l'Expansion des affaires internationales et délégué commercial en chef, et de février 2005 à juin 2006, sous-ministre adjoint au Secteur des marchés mondiaux. Il siège aux conseils d'administration de l'Institut national de la qualité, du Conseil commercial Canada-Chine, du Estey Centre for Law and Economics in International Trade, du Bureau de protection du commerce Canada et du Réseau des économies mondiales dynamiques et émergentes (EDGE). M. Sunquist a été nommé au conseil d'administration de la CCC le 13 mai 2004.



Norman A. Turnbull, CA

Associé et chef de la direction
financière
MinQuest Capital Inc.
Montréal (Québec)

Comptable agréé, M. Turnbull est associé et chef de la direction financière de MinQuest Capital Inc., un fonds de placements dans le secteur minier international. Auparavant, il a été président de la firme NAT Expertise/Conseil. Au fil d'une longue carrière dans le secteur privé en tant que chef de la direction financière de grandes sociétés québécoises comme Gaz Métropolitain inc., Rolland inc., Borel Assurances inc., la Société minière Mazarin inc. et Desjardins Société financière, il a acquis des connaissances spécialisées dans les domaines de la finance et du contrôle, de la planification stratégique, de l'expansion des affaires et du développement organisationnel, des fusions et acquisitions et de la gouvernance. Diplôme de l'Institut des administrateurs des corporations, il a aussi été conseiller spécial du comité de vérification de l'Agence métropolitaine de transport. Il siège au conseil d'administration et au comité des placements de SSO, Société d'assurance-vie inc., ainsi qu'au conseil d'administration du Fonds d'investissement actions-croissance PME inc., où il est président du comité de vérification et membre du comité de surveillance. M. Turnbull a été nommé au conseil d'administration de la CCC le 5 mai 2005.



Peter M. Wright

Président du conseil
Cox and Palmer
Atlantic Canada Lawyers
Moncton (Nouveau-Brunswick)

Associé du cabinet d'avocats Cox and Palmer, M. Wright a aussi été avocat principal de nombreuses sociétés et établissements du Nouveau-Brunswick et avocat régional de diverses entreprises canadiennes, où il a touché à tous les aspects du droit des sociétés et du droit commercial, dont les fusions et acquisitions, les questions normatives, le financement et les coentreprises. Il siège actuellement aux conseils d'administration de la Southeastern Mutual Insurance Company et de la United General Insurance Corporation. M. Wright a été nommé au conseil d'administration de la CCC le 5 septembre 2002.

Sièges vacants : 2



Dan Ross

Sous-ministre adjoint
Matériels
Ministère de la Défense nationale
Ottawa (Ontario)

M. Ross a occupé plusieurs postes de haut niveau dans la fonction publique, notamment comme sous-ministre adjoint associé à la Direction des opérations de Travaux publics et Services gouvernementaux Canada, adjoint au conseiller en politique étrangère du premier ministre et directeur des Opérations du Secréariat de la politique étrangère et de la défense au Bureau du Conseil privé. Depuis mai 2005, il est sous-ministre adjoint (Matériels) au ministère de la Défense nationale. M. Ross a été nommé au conseil d'administration de la CCC le 30 octobre 2006.



Andrew Saxton

Président du conseil
King George Financial Corporation
Vancouver (Colombie-Britannique)

M. Saxton a été premier vice-président de la Laurentide Financial Corporation Ltd., président de la Elite Insurance Company, président du conseil d'administration de la Grouse Mountain Resorts Ltd., administrateur de la BC Television Broadcasting System Ltd., président de The Granville Island Hotel and Marina Ltd. et président du conseil d'administration de la King George Development Corporation.

Remarquablement, il a été membre fondateur de toutes ces entreprises. En raison de sa vaste expérience dans le secteur privé et de son don pour les affaires, il a été nommé aux conseils d'administration de plusieurs sociétés d'État et organismes fédéraux et provinciaux, notamment le Conseil de liaison des Forces canadiennes et la société Insurance Corporation of BC, dont il a été administrateur et a présidé le comité des investissements. Il est actuellement président du conseil de la King George Financial Corporation et administrateur des entreprises

Imperial Parking Canada Corporation et Earthworks Industries Inc., ainsi que de la société de gestion des placements de l'Université de la Colombie-Britannique. M. Saxton a été nommé de nouveau au conseil d'administration de la CCC le 20 octobre 2005.



Dave W. Stapley

Président
DRS Technologies Canada Inc.

Premier vice-président
DRS Technologies Inc. (Expansion des activités internationales/ Relations gouvernementales)

Carleton Place (Ontario)

M. Stapley est l'actuel président de DRS Technologies Canada Inc. et le premier vice-président à l'expansion des activités internationales et aux relations gouvernementales de DRS Technologies Inc., où il est responsable de l'élaboration de la stratégie d'expansion des activités à l'étranger (hors des États-Unis), de l'élaboration de stratégies dans les pays où l'entreprise est présente et de la direction des campagnes de marketing ciblées. Il occupe des postes à la direction et au conseil d'administration de plusieurs organismes, dont l'Association des industries canadiennes de défense et de sécurité et le Groupe consultatif industriel OTAN. M. Stapley a été nommé au conseil d'administration de la CCC le 28 octobre 2003.



Alan Curleigh
Président du conseil
Corporation commerciale canadienne
Montréal (Québec)

M. Curleigh est président du conseil d'administration de la CCC (sans être membre de la direction) depuis le 5 novembre 2002. Il possède une vaste expérience dans le secteur privé, ayant déjà été vice-président à la direction et membre du conseil d'administration d'une grande société canadienne de passation de contrats d'ingénierie et de deux de ses filiales. Il a siégé de nombreuses années au conseil des Manufacturiers et Exportateurs du Canada (MEC) et de l'organisme que les MEC ont rem-placé (l'Association des exportateurs canadiens). Il siège aussi au conseil d'administration d'un établissement canadien qui finance des transactions d'exportation et au conseil consultatif de la faculté d'administration des affaires de l'Université du Nouveau-Brunswick, où il a fait ses études.



Martine Corriveau-Gougeon
Présidente
Gestion Corriveau-Gougeon Inc.
Saint-Bruno (Québec)

Martine Corriveau-Gougeon est présidente de Gestion Corriveau-Gougeon inc., une entreprise qu'elle a fondée en 2004. Depuis 1995, elle a été successivement présidente de Télébec, première vice-présidente aux opérations de Bell Canada et présidente et chef de la direction de Silonex, un fabricant de capteurs optoélectroniques. Diplômée du programme de génie de l'Université McGill, elle possède une expérience diversifiée qui lui permet d'agir tant auprès des entreprises en démarrage que celles parvenues à la maturité. Elle siège aussi au conseil d'administration de l'Agence métropolitaine de transport. Par le passé, elle a présidé le conseil d'administration de l'École de technologie supérieure (2003-2004), participé au Groupe conseil auprès du premier ministre du Québec sur l'allègement réglementaire (1998-2000) et siégé au comité exécutif de la Chambre de commerce du Québec (1996-2000).
Mme Corriveau-Gougeon a été nommée au conseil d'administration de la CCC le 5 mai 2005.



John Duffy
Chef de la direction financière et
vice-président aux finances
Neate Rolier Limited
Mississauga (Ontario)

John Duffy est comptable agréé et propriétaire-exploitant, avec deux autres associés, de Neate Rolier Limited, une entreprise de distribution de services alimentaires desservant des chaînes de restauration, principalement en Ontario et au Québec. Dirigeant d'entreprise chevronné, M. Duffy analyse d'un point de vue financier les enjeux quotidiens auxquels font face les entreprises et les organismes à but non lucratif. Ses vastes compétences couvrent notamment la restructuration interne et financière, les négociations collectives, la gestion des ressources humaines, la planification stratégique à court et à long terme, les cessions et acquisitions, et la mise en œuvre de systèmes de grande envergure. M. Duffy a été nommé au conseil d'administration de la CCC le 28 octobre 2003 et a démissionné le 26 mars 2007.

Annexe D — Aperçu général de la Corporation

Mandat et rôle d'intérêt public

La Corporation commerciale canadienne est régie par sa loi constitutive : la *Loi sur la Corporation commerciale canadienne* de 1946. Celle-ci définit son mandat général, qui est de favoriser l'expansion du commerce extérieur du Canada en aidant les exportateurs canadiens à trouver des débouchés à l'étranger, et les acheteurs étrangers à se procurer des marchandises du Canada. La Loi confère aussi certains pouvoirs à la CCC, dont la capacité d'apporter des marchandises ou des denrées, en qualité de mandant ou de mandataire, selon les modalités et dans la mesure qu'elle juge utiles. Ainsi, la CCC négocie et exécute des ententes bilatérales d'approvisionnement de gouvernement à gouvernement, ce qui facilite les opérations d'exportation pour les exportateurs canadiens.

Lorsque la Corporation a été créée il y a 60 ans, c'était pour favoriser l'expansion du commerce entre le Canada et les pays étrangers, et bien que la conjoncture nait cessé d'évoluer, son objectif fondamental d'intérêt public est tout aussi pertinent aujourd'hui : faire connaître aux exportateurs canadiens les débouchés dans les secteurs de la défense et des marchés des pays émergents et en développement. Depuis 50 ans, la CCC est aussi chargée d'aider le Canada à respecter ses engagements en vertu de l'Accord sur le partage de la production de défense, conclu pour faire naître un complexe industriel nord-américain de la défense. Les services offerts au titre de l'APPD sont encore le plus grand secteur d'activité de la Corporation (avec un chiffre d'affaires de 650 à 750 M\$ par année avec le DOD américain), ce qui montre bien le rôle de la CCC dans l'entretien d'une relation fructueuse avec les États-Unis, qui sont le plus important partenaire commercial du Canada. De plus, en offrant des services d'approvisionnement spécialisés liés aux opérations dans le cadre des marchés publics avec les gouvernements étrangers, la CCC continue à jouer un rôle déterminant dans la réussite des exporta-

Profil de la Corporation

La CCC est une société d'État mère en vertu de l'annexe III, partie I, de la *Loi sur la gestion des finances publiques* et rend compte au Parlement par le biais du ministre du Commerce international. Elle est financée par trois sources distinctes : les crédits votés par le Parlement du Canada, les droits perçus en contrepartie de ses services, et les gains d'intérêt. La Corporation a son siège social à Ottawa, et elle emploie une centaine de personnes.

Aperçu des secteurs politiques et stratégiques où la Corporation est présente

Structure organisationnelle

La CCC est régie par un conseil d'administration qui s'occupe des affaires de la Corporation et s'assure de la bonne exécution des politiques gouvernementales au nom du gouvernement du Canada. Le conseil d'administration con-

canadiennes.

>> *Service de passation de contrats de gouvernement à gouvernement* : La CCC vend aux gouvernements étrangers et agit comme entrepreneur principal. À ce titre, elle effectue la vérification au préalable des capacités des fournisseurs, qu'elle garantit par un engagement d'exécution du contrat, s'occupe de la gestion des contrats, dont la facturation et le paiement, et offre un mécanisme fiable en matière d'approvisionnement.

>> *Service d'agent d'approvisionnement* : La CCC agit comme acheteur et/ou comme mandataire pour des gouvernements étrangers (ou pour le gouvernement canadien lorsque celui-ci procure des marchandises à un gouvernement étranger). En outre, la CCC renseigne les acheteurs sur les capacités, les prix et le mode de structuration des contrats des entreprises canadiennes.

La relation de la CCC avec ses partenaires au sein du portefeuille du Commerce international est l'une de ses plus importantes. Elle collabore étroitement avec le MAECI, qui offre des services de première ligne et des renseignements sur les marchés d'une importance critique à des clients internationaux et canadiens, en plus d'assumer la responsabilité globale de la politique commerciale et des accords commerciaux multilatéraux et bilatéraux. De même, les produits financiers et d'assurance des exportations offerts par EDC complètent bien les services de passation de contrats et d'approvisionnement de la CCC. Les autres grands partenaires de la Corporation dans l'administration publique sont le MDN et l'ACDI.

Principales fonctions et activités

En tant qu'agence de passation de contrats internationaux du Canada, la CCC offre deux principaux services : le service de passation de contrats de gouvernement à gouvernement et le service d'agent d'approvisionnement. La Corporation est structurée en fonction de son objectif premier, qui est de relier les exportateurs canadiens aux débouchés dans les secteurs de la défense et des marchés des pays émergents et en développement; elle comporte donc deux unités fonctionnelles : l'unité fonctionnelle de la Défense et l'unité fonctionnelle des Marchés émergents et en développement.

OBJETIF DANS LE PLAN D'ENTREPRISE 2006-07 À 2010-11	>> Rendement financier	>> Rendement financier	>> Performance financière	SUITE À DONNER EN RAPPORT À L'OBJETIF 2007-08
	<ul style="list-style-type: none">• Objectif pour les nouvelles commandes de 1,2 milliard de dollars.• Objectif pour les recettes de 25 579 000 \$.• Objectif pour l'excédent d'exploitation de 928 000 \$.• Objectif pour la réduction des coûts de 880 000 \$.• Objectif pour la moyenne des frais généraux indirects (non imputables) de 20,0 %.• L'objectif est de démontrer l'excellence de la CCC en passant de contrats internationaux réduisant les coûts contractuels supplémentaires à 0,2 % des facturations contractuelles annuelles.	<ul style="list-style-type: none">• Objectif pour les nouvelles commandes de 1,2 milliard de dollars.• Les recettes étaient de 28 691 000 \$.• L'excédent d'exploitation était de 3 452 000 \$.• La réduction des coûts était de 10 000 \$.• Bien que la CCC ait réussi à diminuer ses dépenses administratives de 0,6 M\$ (dont une réduction de 1,1 M\$ pour les dépenses reliées à TPSSGC), celle-ci était compensée par une augmentation de 0,6 M\$ des coûts contractuels supplémentaires et des frais connexes.• Le pourcentage moyen des frais généraux indirects (non imputables) était de 34,0 %.• Les coûts contractuels supplémentaires étaient de 0,4 % des facturations contractuelles annuelles.		<ul style="list-style-type: none">• Objectif pour les nouvelles commandes de 1,6 milliard de dollars.• Objectif pour les recettes de 27 441 000 \$.• Objectif pour l'excédent d'exploitation de 2,9 millions de dollars.• L'objectif est de démontrer l'excellence de la CCC en passant de contrats internationaux réduisant les coûts contractuels supplémentaires à 0,2 % des facturations contractuelles annuelles. <p>d'émettre de solides résultats financiers</p> <p>>> La CCC continuera</p>

OBJECTIF DANS LE PLAN D'ENTREPRISE 2006-07 À 2010-11	Mettre en œuvre des processus opérationnels bien établis et des mesures de rendement significatives	<p>>> Optimisation des processus — Comprendre l'efficacité (mesurée par la valeur du service) et l'efficience (mesurée par la durée du cycle et l'amélioration des coûts) des processus opérationnels clés et les optimiser à des fins de gestion des risques, d'automatisation et de sécurité.</p> <p>>> Gestion des processus — L'objectif est d'établir un cadre permettant d'évaluer à quel point la CCC gère (documente, partage, applique et mesure) les processus opérationnels clés.</p>	
RENDEMENT PAR RAPPORT À L'OBJECTIF	<p>>> La CCC a amorcé l'évaluation de ses processus opérationnels à la faveur de l'analyse et de la mise en œuvre d'un système de planification des ressources de l'organisation pour remplacer le système actuel.</p>		
SUITE À DONNER EN 2007-08	<p>>> La CCC misera sur le Cadre de gestion des risques d'entreprise instauré en 2005-06 par l'amélioration des processus opérationnels et la mise en œuvre d'un nouveau système de PRO.</p> <p>>> Un important volet du PRO, l'établissement de mesures de rendement, sera mis en œuvre en 2007-08.</p>		

OBJECTIF DANS LE PLAN D'ENTREPRISE 2006-07 À 2010-11	<p>Créer un milieu propice à un personnel très motivé et très compétent</p>	<p>Etablir des partenariats efficaces</p>
ENGAGEMENT	<p>>> Evaluation du climat — L'objectif est d'accroître de 10 % l'évaluation favorable par les employés de l'environnement interne de la Corporation.</p> <p>>> Participation des employés — L'objectif est d'établir un cadre permettant de comprendre le rendement entourant la participation des employés.</p> <p>>> Productivité des effectifs — L'objectif est d'établir un cadre permettant de comprendre le rendement entourant la productivité des effectifs.</p>	<p>>> Participation des partenaires — L'objectif est d'établir un cadre de mesure de l'efficacité des relations clés avec nos partenaires.</p> <p>>> Mesures de la clientèle — Objectif de 2006-07 pour l'indice de valeur pour la clientèle, une mesure de la valeur que nous offrons à nos partenaires clients : 7,9. Objectif de 2006-07 pour l'indice de fidélité de la clientèle, une mesure de la qualité de la relation avec nos partenaires clients : 80 %.</p>
RENDEMENT PAR RAPPORT À L'OBJECTIF	<p>>> La CCC a entrepris l'élaboration d'une stratégie des ressources humaines renouvelée. La CCC poursuit son objectif d'établir une culture d'excellence, d'engagement et de travail d'équipe. Cette stratégie renouvelée devrait orienter les mesures de planification de la relève, de gestion du savoir et d'acquisition de compétences et de capacités stratégiques à long terme et permettre d'harmoniser les politiques et les procédures de ressources humaines à l'avenir.</p>	<p>>> La CCC a soigneusement examiné tous ses partenariats pour s'assurer qu'à l'avenir, ils s'inscrivent clairement dans l'orientation stratégique plus ciblée de la CCC.</p> <p>>> La CCC a décidé de ne pas mener le sondage « Mesures de la clientèle » en 2006-07.</p>
SUITE À DONNER EN 2007-08	<p>>> La CCC mettra au point une stratégie générale de ressources humaines renouvelée pour orienter la planification de la relève, la gestion du savoir, et les compétences et capacités stratégiques requises à long terme.</p>	<p>>> Elaboration de partenariats plus sophistiqués — On veut resserrer encore davantage la collaboration avec le MAECI, EDC, le MDN et l'ACDI afin d'élaborer des partenariats encore plus sophistiqués pour mieux aider les exportateurs canadiens et pour favoriser l'expansion du commerce international du Canada.</p>

OBJETIF DANS LE PLAN D'ENTREPRISE 2006-07 À 2010-11	Assurer une gouvernance exemplaire de l'organisme (suite)	<p>>> Gérance des res- sources publiques</p> <p>— L'objectif de 2006-07 pour la préservation du capital (rendement des avoirs) : 2,3 %. L'objectif pour le rendement en regard du budget d'exploitation : résultats réels à plus ou moins 5 % du budget.</p> <p>>> Responsabilité sociale des entreprises (RSE)</p> <p>— L'objectif est d'établir un cadre permettant de comprendre les progrès dans les principaux champs d'intérêt de la RSE.</p>	<p>>> Gérance des res- sources publiques</p> <p>— La Corporation a obtenu un rendement des capitaux propres de 8,5 %. Le rendement en regard du budget d'exploitation était de 8 % du budget de la CCC en 2006-07.</p> <p>>> Responsabilité sociale des entreprises — La Corporation a ajouté une disposition stipulant que la CCC se réserve le droit de révoquer un contrat si elle découvre que celui-ci a été obtenu par des moyens inéquitable, y compris les pots-de-vin. De plus, la CCC améliore constamment sa responsabilité interne et sa transparence. Par exemple, elle est en train d'instaurer un processus interne de divulgation des actes répréhensibles.</p>	
RENDEMENT PAR RAPPORT À L'OJECTIF 2007-08	SUITE À DONNER EN			

Annexe C – Rendement général de la Corporation par rapport aux objectifs

OBJETIF DANS LE PLAN D'ENTREPRISE 2006-07 À 2010-11	<p>Assurer une gouvernance exemplaire de l'organisme</p> <p>>> Gouvernance — Assurer la conformité avec les mesures pertinentes décrites dans le cadre de gouvernance des sociétés d'Etat du Canada.</p> <p>>> Processus de planification — L'objectif est de livrer tous les documents de planification et les rapports clés à l'actionnaire dans les délais prescrits.</p> <p>>> Harmonisation avec la politique publique — L'objectif est d'établir un cadre de rendement de la CCC en regard des principaux objectifs de la politique commerciale que la CCC soutient quotidiennement.</p> <p>>> Excellence opérationnelle — L'objectif est d'établir un cadre de rendement de la CCC pour ce qui est de combler les lacunes opérationnelles qui ressortent des vérifications.</p>
ENGAGEMENT	<p>>> Gouvernance — Le conseil d'administration a soigneusement étudié les lignes directrices figurant dans le <i>Cadre de gouvernance des sociétés d'Etat du Canada</i> et respecte entièrement toutes les mesures pertinentes qui s'appliquent à la Corporation.</p> <p>>> Processus de planification et harmonisation avec la politique publique — Le conseil est responsable, en bout de ligne, de la gestion de la CCC, et il examine son rendement de près. Le conseil établit l'orientation stratégique de la Corporation pour s'assurer qu'elle respecte ses objectifs d'intérêt public le plus efficacement possible.</p> <p>>> Excellence opérationnelle — La CCC répond aux recommandations du Rapport d'examen spécial (2004) du Bureau du vérificateur général. Plus précisément, en 2006-07, la CCC a pris d'autres mesures pour renforcer la gestion des contrats et la gestion des risques.</p>
RENDEMENT PAR RAPPORT À L'OBJETIF 2007-08 SUITE À DONNER EN 2007-08	<p>>> Gouvernance — La Corporation continue à collaborer étroitement avec le gouvernement et les autres sociétés d'Etat afin de combler tous les règlements et autres recommandations.</p> <p>>> Processus de planification et harmonisation avec la politique publique — En 2007-08, la CCC continuera à respecter son engagement de livrer tous les documents de planification et les rapports dans les délais prescrits.</p> <p>>> Excellence opérationnelle — La CCC continuera à scruter tous les résultats des vérifications et prendra les mesures qui s'imposent.</p> <p>>> Responsabilité sociale des entreprises — La CCC continuera à améliorer sa responsabilité interne et sa transparence.</p>

OBJECTIF DANS LE PLAN D'ENTREPRISE 2006-07 À 2010-11	Définir les nouvelles capacités requises	Relations avec les partenaires clés >> La CCC renforcera sa relation de travail avec des partenaires clés.	>> MED s'est entendue avec le MAECI sur les détails d'un protocole d'entente qui permettra à la CCC de mener des activités d'arrangement en matière d'approvisionnement à l'appui des objectifs du Groupe de travail sur la stabilisation et la reconstruction (GTSR) et du Programme d'aide au renforcement des capacités antiterroristes (PARCA). >> Elle a aidé la GRC à répondre à un besoin urgent de la Police nationale afghane (PNA). >> Elle a aidé Recherche et développement pour la défense Canada (RDDC) à répondre à un besoin d'équipement urgent en Asie du Sud-Est. >> Elle a amorcé un projet pilote avec le MAECI visant à donner à la CCC une présence régionale.	RENDEMENT PAR RAPPORT À L'OBJECTIF 2007-08	>> La CCC va continuer de resserrer encore davantage sa collaboration avec le MAECI, EDC et l'ACDI afin d'élaborer des partenariats sophistiqués pour mieux aider les exportateurs canadiens et pour favoriser l'expansion du commerce international du Canada.	SUITE À DONNER EN 2007-08
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OBJETIF DANS LE PLAN D'ENTREPRISE 2006-07 À 2010-11	Gérer les engagements existants	Marchés émergents et en développement >> MED devra veiller à ce que ses relations dans les Caraïbes demeurent inchangées. Durant la période de transition de la MED, la Corporation fera également figurer un petit nombre de projets résiduels du pro- gramme de paiements progressifs dans ses comptes à mesure qu'ils s'achèvent.	En soutenant ces engagements existants, la CCC a la collaboration étroite- ment avec EDC et le ministère des Finances sur le mandat et le modèle opérationnel de financement structuré de la Corporation. La CCC est ravie d'annoncer que les relations commer- ciales et les échanges commerciaux ont été maintenus selon les con- traintes du programme et dans plusieurs cas ont dépassé les attentes au niveau des résultats globaux.	>> En collaboration avec EDC, la CCC doit élaborer un nouveau modèle pour les opéra- tions commerciales canadiennes dans les Caraïbes.	SUITE À DONNER EN 2007-08
RENDEMENT PAR RAPPORT À L'OBJETIF					

OBJECTIF DANS LE PLAN D'ENTREPRISE 2006-07 À 2010-11	Repositionner les affaires en cours	<p>>> À l'avenir, la CCC évaluera la viabilité d'entreprendre des projets d'ingénierie, d'approvisionnement et de construction (IAC) et des projets d'ingénierie, d'approvisionnement, de construction et de gestion (IACG) en consultation avec EDC et le MAECI afin de définir un modèle opérationnel viable et pertinent.</p>	<p>>> En matière de projets d'IAC et d'IACG, la CCC a examiné son approche en consultation avec le programme de coopération industrielle (PCI) de l'ACDI, EDC et le MAECI pour élaborer un modèle opérationnel viable et pertinent. Ainsi, la CCC a développé une nouvelle approche, fondée sur des liens améliorés avec ses partenaires clés. La CCC établira donc des liens systématiques avec les structures d'apport de fonds et de financement que les organismes multilatéraux comme l'ACDI ou EDC mettent à la disposition des pays en développement.</p>	<p>>> En collaboration avec EDC, la CCC doit repérer et poursuivre des occasions d'affaires pour les exportateurs dans les régions où EDC offre déjà du financement aux acheteurs étrangers du secteur public, comme en Asie.</p> <p>>> La Corporation travaillera aussi avec le MAECI et l'ACDI à repérer et poursuivre des marchés et des occasions d'affaires pour les exportateurs canadiens en Afrique et en Amérique latine.</p> <p>>> Avec EDC, la CCC s'efforcera surtout de relier ses services de passation de contrats de gouvernement à gouvernement d'approvisionnement aux services financiers et d'assurance d'EDC, dans l'intérêt des exportateurs canadiens.</p> <p>>> Avec l'ACDI, la CCC est bien placée pour collaborer avec le PCI, un programme qui offre des apports en espèces aux entreprises canadiennes qui veulent mener des études de faisabilité ou mettre en œuvre des projets d'infrastructures de développement.</p>
RENDEMENT PAR RAPPORT À L'OBJECTIF				
SUITE À DONNER EN 2007-08				

Annexe B — Rendement par rapport aux objectifs : Unité opérationnelle des Marchés émergents et en développement

OBJETIF DANS LE PLAN D'ENTREPRISE 2006-07 À 2010-11	Reconceptualiser l'unité opérationnelle	Réalignement de l'unité opérationnelle	ENGAGEMENT	RENDEMENT PAR RAPPORT À L'OBJECTIF	SUITE À DONNER EN 2007-08
<p>>> Le réalignement de l'unité opérationnelle des Marchés émergents et en développement nécessite une importante évaluation avant la mise en œuvre d'un modèle opérationnel viable qui peut aider les exportateurs canadiens à accéder au marché du développement international.</p>					
<p>>> L'unité nouvellement baptisée unité opérationnelle des Marchés émergents et en développement a réussi un remaniement pour venir en appui au nouveau modèle opérationnel. Une activité de « mission et vision » menée au début de l'exercice financier a donné lieu à un plan quinquennal qui a établi les objectifs généraux et les priorités stratégiques de la Direction, ainsi que l'échéancier de mise en œuvre d'un vaste éventail d'activités.</p>					
<p>>> Les activités de la première année ont consisté à élaborer et à tester le modèle opérationnel en consultation avec les exportateurs canadiens, les clients étrangers, les partenaires éventuels, les entités juridiques et réglementaires de la Corporation. Une fois le modèle approuvé, on a procédé à sa mise en œuvre et à une restructuration interne, en prenant au préalable plusieurs mesures de dotation en personnel et en procédant à de nouvelles attributions des fonctions pour créer les équipes organisationnelles.</p>					
<p>>> En collaboration avec EDC, la CCC doit repérer et poursuivre des occasions d'affaires pour les exportateurs dans les régions où EDC offre déjà du financement aux acheteurs étrangers du secteur public, comme en Asie.</p>					
<p>>> La Corporation travaillera aussi avec le MAECI et l'ACDI à repérer et poursuivre des occasions d'affaires pour les exportateurs canadiens en Afrique et en Amérique latine.</p>					

OBJECTIF DANS LE PLAN D'ENTREPRISE 2006-07 À 2010-11	<p>Exploiter des relations au-delà du marché du DoD américain</p>	<p>Accroître la rentabilité</p>
ENGAGEMENT	<p>>> La CCC s'efforcera de conclure avec la DSCA un accord sur la prestation de services tarifés associés à l'application du service des contrats souverains de la CCC pour l'approvisionnement au Canada afin de combler les pénuries de stock « pour utilisation finale internationale » du DoD américain.</p> <p>>> La CCC exploitera sélectivement le réseau des ventes militaires étrangères de la DSCA afin de faciliter l'accès aux marchés de l'approvisionnement de défense au-delà du marché américain.</p>	<p>Services de soutien contractuel</p> <p>>> La CCC a l'intention de réduire les demandes et les paiements subséquents faits à TPSGC durant la première année de la période de planification. De plus, la CCC établira des plans d'urgence pour le développement d'une capacité interne de prestation des services de soutien contractuel qu'assure actuellement TPSGC.</p>
RENDEMENT PAR RAPPORT À L'OBJECTIF	<p>>> La CCC a conclu avec la DSCA un accord de principe sur les services tarifés pour un programme de plusieurs milliards de dollars; les dates de livraison commenceront à la fin de 2008/début de 2009.</p>	<p>>> La CCC a réussi à réduire à long terme ses coûts en ratio-nalisant les travaux effectués par TPSGC pour la CCC, ce qui a éclaircit les rôles et responsabilités des deux organisations.</p>
SUITE À DONNER EN 2007-08	<p>>> La CCC renforcera et officialisera ses liens avec la DSCA afin d'offrir aux exportateurs canadiens de plus nombreux débouchés à l'étranger et de renforcer la contribution canadienne au complexe industriel nord-américain de la défense.</p>	<p>>> La CCC continuera à accroître sa rentabilité.</p>

ANNEXES

Annexe A — Rendement par rapport aux objectifs : Unité opérationnelle de la Défense

OBJETIF DANS LE PLAN D'ENTREPRISE 2006-07 À 2010-11	ENGAGEMENT	RENDEMENT PAR RAPPORT À L'OBJETIF	SUITE À DONNER EN 2007-08
<p>Accroître la valeur pour les clients</p> <p>>> La CCC renforcera sa relation de travail avec des partenaires clés.</p> <p>Relations avec les partenaires clés</p> <p>Accroître la valeur pour les clients</p>	<p>>> La CCC renforcera sa relation de travail avec des partenaires clés.</p> <p>Relations avec les partenaires clés</p>	<p>>> Relation renforcée avec le MDN, y compris la nomination du sous-ministre adjoint (Matériels) au conseil d'administration de la CCC.</p> <p>>> Relation renforcée avec le MAECI suite à la signature d'un protocole d'entente sur la prestation de services.</p> <p>>> Discussions en cours avec d'autres ministères du gouvernement sur les services d'approvisionnement, notamment avec Industrie Canada.</p>	<p>Elaborer des partenariats plus sophistiqués — La CCC continuera à resserrer ses liens avec le MAECI, EDC, le MDN et l'ACDI pour développer des partenariats plus sophistiqués pour aider davantage les exportateurs canadiens et favoriser l'expansion du commerce international du Canada.</p>
<p>Adopter une stratégie proactive aux États-Unis</p> <p>Principaux entrepreneurs américains</p> <p>>> La CCC élaborera une stratégie pour traiter avec les principaux entrepreneurs américains cains qui approuvent actuellement le DOD américain en vue de la coordination du complexe industriel de la défense entre le Canada et les États-Unis.</p>	<p>Principaux entrepreneurs américains</p> <p>>> La CCC a signé deux contrats importants avec de principaux entrepreneurs américains cains pour l'installation de nouvelles ailes sur l'aéronef Lockheed Martin (chiffres d'affaires combinés de plus de 170 M\$).</p>	<p>>> Travailler plus étroitement avec le MDN pour trouver d'autres occasions de grouper les achats afin d'accroître les ventes canadiennes à l'exportation et de réduire les coûts du matériel de défense pour le gouvernement canadien.</p>	<p>>> Travailler plus étroitement avec le MDN pour trouver d'autres occasions de grouper les achats afin d'accroître les ventes canadiennes à l'exportation et de réduire les coûts du matériel de défense pour le gouvernement canadien.</p>



Exercice terminé le 31 mars		
(en milliers de dollars)		
2007	2006	
Conseil privé	94 \$	
Conseil du Trésor	(19) \$	
Sécurité publique et	(2) \$	
Protection civile Canada	— \$	

Dans le cadre de sa participation à des programmes d'échange de ressources humaines avec d'autres ministères et organismes, la Corporation a recouvert (engagé) les montants suivants en salaires et charges sociales :

En raison de toutes les opérations entre apparentés, les montants à recevoir de ces parties et les montants qui leur sont dus s'élèvent à 12 805 000 \$ (13 100 000 \$ en 2006) et 2 563 000 \$ (1 99 000 \$ en 2006), et ils sont comptabilisés dans les créances et les créditeurs, respectivement.

Exercice terminé le 31 mars		
(en milliers de dollars)		
2007	2006	
Agence canadienne de		
développement international	61 764 \$	38 213 \$
Ministère de la Défense nationale	35 734 \$	12 886 \$
Ministère des Affaires étrangères		
et du Commerce international	781 \$	— \$
Environnement Canada	327 \$	498 \$
Conseil national de recherches		
Canada	10 \$	— \$
Ressources naturelles Canada	— \$	1 345 \$
Conseils et Vérification Canada	— \$	248 \$
Industrie Canada	— \$	54 \$
Centre de distribution des biens	— \$	50 \$
de la Couronne	— \$	

16. Chiffres correspondants
Certains chiffres de 2005-2006 ont été reclassés pour être conformes à la présentation de l'exercice en cours.

(en milliers de dollars)		
2007-2008	2008-2009	2009-2010
1 296 \$	1 311	1 326
		1 342
		1 609
		15 744
		2012 et exercices subséquents

15. Engagements
En octobre 2005, la Corporation a conclu un bail de 15 ans pour des locaux à bureaux qui expirera à la fin de septembre 2020. Les paiements minimaux à venir par exercice pour le contrat de location-exploitation des lieux au cours des cinq prochains exercices sont comme suit :

14. Crédits parlementaires
Au cours de l'exercice, le Parlement du Canada a consenti à la Corporation des crédits d'un montant de 16 923 000 \$ (16 181 000 \$ en 2006). Ce montant comprend des fonds supplémentaires de 960 000 \$ pour les règlements rétroactifs de la négociation collective pour la période comprise entre 2003-2004 et 2005-2006. Au 31 mars 2007, le montant total avait été reçu (1 149 000 \$ en 2006, comptabilisés dans les comptes débiteurs du gouvernement du Canada).

La Corporation a également participé à des opérations commerciales avec les entités gouvernementales apparentées suivantes :

b) Ministère de la Justice
Le ministère de la Justice offre des services juridiques à la Corporation et la représente dans certaines causes. La Corporation a la responsabilité de ces frais juridiques et des dépenses engagées en rapport avec des actions précises. Au 1^{er} septembre 2006, les conseillers juridiques qui étaient auparavant employés par le ministère de la Justice ont été embauchés par la Corporation. Pour l'exercice terminé le 31 mars 2007, le coût des opérations entre parties apparentées, soit un montant de 172 000 \$ (391 000 \$ en 2006), a été comptabilisé dans les frais d'administration, et un montant de 5 000 \$ (224 000 \$ en 2006) a été comptabilisé dans les coûts contractuels supplémentaires et connexes.

c) Autres

9. Provision pour coûts contractuels supplémentaires et frais connexes

La Corporation peut devoir engager des coûts contractuels supplémentaires et des frais connexes si des exportateurs canadiens ne respectent pas les conditions de leurs contrats. La Corporation a comptabilisé une dépense de 4 872 000 \$ (4 272 000 \$ en 2006) relativement aux coûts contractuels supplémentaires et connexes, laissant un solde de 8 697 000 \$ au 31 mars 2007 (6 431 000 \$ en 2006), qui correspond à la meilleure estimation par la direction des coûts supplémentaires que la Corporation devra engager pour respecter ses obligations contractuelles.

10. Éventualités

La Corporation est la partie demanderesse ou intimée dans certaines réclamations et poursuites en instance. Les dommages et intérêts réclamés par les plaignants sont élevés, mais en s'appuyant sur l'avis des conseillers juridiques, la direction a enregistré une obligation dans l'exercice visé lorsque les dommages étaient probables et que les montants associés pouvaient être raisonnablement estimés.

11. Opérations commerciales

Les opérations commerciales résultant de la facilitation par la Corporation de ventes de produits canadiens à des clients étrangers (y compris des gouvernements, des organismes internationaux et d'autres acheteurs du monde entier) étaient réparties comme suit :

Exercice terminé le 31 mars		(en milliers de dollars)	
2007	2006	Gouvernement et autres	acheteurs américains
790 156 \$	848 917 \$	Autres gouvernements	et acheteurs étrangers
346 458	216 024		
1 136 614 \$	1 064 941 \$		

Les opérations commerciales comprennent des facturations contractuelles de 1,1 milliard de dollars (1,1 milliard également en 2006) et des droits de service et revenus divers totalisant 9 133 000 \$ pour l'exercice terminé le 31 mars 2007 (8 307 000 \$ en 2006).

Il faut distinguer les opérations commerciales des entrées de commandes. Ces dernières correspondent à la valeur des contrats et avenants signés durant l'exercice et qui a atteint 1,2 milliard de dollars pour l'exercice terminé le 31 mars 2007 (1,6 milliard en 2006).

12. Frais d'administration

Les frais d'administration comprennent :

Exercice terminé le 31 mars		(en milliers de dollars)	
2007	2006	Rémunération de l'effectif	Services de gestion de contrats
9 397 \$	4 254	Location	1 276
1 158	1 158	Consultants	1 106
1 074	699	Frais de déplacement et accueil	1 098
783	827	Amortissement	Logiciels, matériel informatique
607	735	et soutien	Initiatives de ressources
348	367	humaines et formation	Télécommunication,
245	246	messagerie et traduction	Autres dépenses
850	674		
20 590 \$	19 980 \$		

13. Opérations entre apparentées

La Corporation est apparentée, pour ce qui est de la propriété commune, à tous les ministères, organismes et sociétés d'État créés par le gouvernement du Canada. La Corporation participe à des opérations avec ces entités dans le cours normal de ses activités selon les mêmes modalités qui s'appliquent aux entités non apparentées.

a) Travaux publics et Services gouvernementaux Canada

Travaux publics et Services gouvernementaux Canada assure la Corporation des services de gestion de contrats et d'autres services administratifs à des taux négociés qui sont fondés en partie sur le montant des contrats obtenus; TPSCG exerce également certaines fonctions au prix de revient.

Pour l'exercice terminé le 31 mars 2007, le coût de ces services s'est élevé à 4 355 000 \$ (5 503 000 \$ en 2006), et il est inclus dans les frais d'administration.

Travaux publics et Services gouvernementaux Canada a fourni à la Corporation des services de gestion de contrats sans coûts additionnels. Les coûts de ces services n'étant pas raisonnablement déterminables, ceux-ci ne sont pas comptabilisés dans les comptes de la Corporation.

8. Obligations contractuelles, emprunts et gestion

a) Obligations contractuelles des risques

En tant qu'entrepreneur principal, la Corporation est contractuellement tenue d'exécuter de nombreux contrats avec des clients étrangers. Au 31 mars 2007, la valeur totale du portefeuille de contrats qui restaient à exécuter était d'environ 1,9 milliard de dollars (1,9 milliard en 2006). Le portefeuille des contrats de la Corporation s'établit comme suit :

(en milliers de dollars)		2007	2006
Moins de 1 an	1 125 385 \$	1 050 695 \$	
Entre 1 et 3 ans	549 202 \$	583 163 \$	
Entre 3 et 5 ans	134 208 \$	191 533 \$	
Plus de 5 ans	47 817 \$	35 281 \$	

Le portefeuille des contrats qui restent à exécuter, en plus de la provision pour coûts contractuels supplémentaires prévue au bilan (note 9), représente le maximum de la Corporation au titre de ses obligations contractuelles. Il est estimé à 1 865 309 \$ au 31 mars 2007.

Concernant ses obligations contractuelles en cours, la Corporation peut exercer un recours sur une base contractuelle contre les fournisseurs canadiens qui découlent, à tous les égards importants, des contrats correspondant à ceux intervenus avec les clients étrangers au même moment. En outre, pour atténuer davantage son risque global, la Corporation peut aussi, selon les résultats de sa vérification au préalable, exiger des garanties commerciales, y compris des retenues de garantie, des garanties bancaires, des cautions, des cautions de la société mère, des cessions d'indemnités d'assurance, des privilèges sur biens, des garanties personnelles et des espèces des actionnaires placées en fiduciaire auprès de la Corporation.

b) Emprunts et autres ententes de crédit

La Loi sur la Corporation commerciale canadienne permet à la Corporation d'emprunter auprès du Trésor ou de conclure d'autres arrangements de crédit ou des indemnités avec d'autres sources pour un montant ne dépassant pas 90 millions de dollars.

La Corporation a ouvert une marge de crédit renouvelable donnant accès à des fonds de l'ordre de 40 millions de dollars canadiens ou l'équivalent américain. L'endettement dans le cadre de cette entente est non garanti, et cette facilité de crédit ne comporte aucune date d'expiration. Au 31 mars 2007, aucun retrait n'avait été effectué sur cette marge de crédit (aucun en 2006).

En application du programme de paiements progressifs, la Corporation indemnise les banques participantes pour des montants qu'elles ont avancés aux exportateurs canadiens. La Corporation peut revendiquer le titre de propriété sur les travaux en cours si un exportateur canadien n'achève pas son contrat. Le montant des indemnités impayées au 31 mars 2007 s'élevait à 244 000 \$ (431 000 \$ en 2006), et il était lié à des opérations devant s'achever au cours de l'exercice suivant. Au cours de l'exercice précédent, la Corporation a confirmé son intention de se retirer du Programme de paiements progressifs. Il reste toutefois deux marges de crédit impayées à ce jour, que la Corporation attend de repayer d'ici le 31 mars 2008.

Dans le cadre d'une série spécifique de contrats de financement, inclus dans les créanciers et charges à payer, la Corporation devait 30 627 000 \$ au 31 mars 2007 (35 836 000 \$ en 2006). Ces contrats portent intérêt au coût des fonds plus 0,25 %, et la Corporation a offert comme garantie certains comptes clients étrangers à certaines conditions. Par contre, la Corporation a également accès à un certain nombre de valeurs commerciales si la partie étrangère ne rembourse pas ces créances. Le montant des créances impayées offertes en garantie selon ces ententes au 31 mars 2007 était de 43 017 000 \$ (36 681 000 \$ en 2006) et se présentait comme suit :

(en milliers de dollars)		2007	2006
Moins de 1 an	36 342 \$	31 989 \$	
Entre 1 et 3 ans	6 675 \$	4 692 \$	

c) Gestion des risques
En plus des pratiques de gestion du risque associées aux obligations contractuelles de la Corporation, celle-ci consent généralement au client étranger des modalités de comptes ouverts aux parties bénéficiant d'une cote de crédit au moins AAA et exige des garanties lorsque la cote de crédit est sous ce seuil. Au cours de l'exercice, 89,30 % des opérations commerciales de la Corporation étaient avec des clients AAA.

En ce qui a trait au risque de change, les contrats avec des clients étrangers et les contrats correspondants avec des exportateurs canadiens sont ordinairement conclus dans la même devise. La Corporation a recours à cette technique pour transférer le risque de change à l'exportateur canadien.



6. Immobilisations
Exercice terminé le 31 mars

	2007	2006
(en milliers de dollars)		
Systèmes d'information	3 683 \$	915 \$
Améliorations locatives	1 354	1 323
Coût	5 037 \$	2 238 \$
Amortissement cumulé	3 506 \$	1 77 \$
Valeur nette aux livres	1 531	461
Valeur nette aux livres	1 396 \$	2 238 \$

Les frais d'administration comprennent un montant de 827 000 \$ (783 000 \$ en 2006) à titre d'amortissement.

7. Avantages sociaux futurs

a) Régime de retraite

La Corporation et tous les employés admissibles cotisent au Régime de retraite de la fonction publique. Ce régime assure des indemnités selon les années de service et la rémunération moyenne à la retraite. Les prestations sont entièrement indexées à l'augmentation de l'indice des prix à la consommation. Les cotisations de la Corporation et des employés au Régime de retraite de la fonction publique pour l'exercice étaient les suivantes :

	2007	2006
(en milliers de dollars)		
Cotisations de la Corporation	761 \$	808 \$
Cotisations des employés	357 \$	335 \$
Coût des services rendus	1 161 \$	999 \$
Solde au début de l'exercice	1 161 \$	1 161 \$
Obligation au titre des prestations constituées	2007	2006
(en milliers de dollars)		
Intérêts débiteurs	48	60
Indemnités payées	(143)	(135)
Pertes actuarielles	67	166
Solde à la fin de l'exercice	1 236 \$	1 161 \$
Obligation au titre des prestations constituées à la fin de l'exercice	1 236 \$	1 161 \$
Pertes actuarielles nettes non amorties	(245)	(184)
Passif au titre des prestations constituées à la fin de l'exercice	991 \$	977 \$

Obligation au titre des prestations constituées au 31 mars
Taux d'escompte 4,25 %
Augmentation du taux de rémunération 2,50 %
Coût des indemnités pour l'exercice terminé le 31 mars
Taux d'escompte 4,25 %
Augmentation du taux de rémunération 2,50 %

4. Trésorerie

Au 31 mars 2007, la trésorerie comprenait :

2007		2006	
(en milliers de dollars)		Devise originale	
Dollars canadiens	58 621	Dollars canadiens	58 621 \$
Dollars américains	34 716	Dollars américains	36 318
Dollars australiens	154	Dollars australiens	26 026
Euros	7 086	Euros	117
Dollars des Caraïbes orientales	434	Dollars des Caraïbes orientales	—
	187		189
	10 926		434
	143		—
	40 084		140
	22 282		22 282
	36 318		36 318
		Devise originale	Dollars canadiens
			62 650 \$

5. Créances, créditeurs et charges à payer

Les créances sont exigibles selon les conditions normales du commerce international et ne portent habituellement pas d'intérêt. Le profil d'échéance des créances de la Corporation était le suivant :

2007		2006	
(en milliers de dollars)			
Moins de 1 an	250 134 \$	Moins de 1 an	174 222 \$
Entre 1 et 3 ans	6 850	Entre 1 et 3 ans	4 851
Entre 3 et 5 ans	102	Entre 3 et 5 ans	193
	257 086 \$		179 266 \$

Les créditeurs sont exigibles selon les conditions normales de commerce, sauf lorsqu'il s'agit de petites et moyennes entreprises particulières dont le contrat a été conclu avant janvier 2001. Tant que ces contrats ne sont pas terminés, les créditeurs sont payés dans les 15 jours. Le profil d'échéance des créditeurs de la Corporation était le suivant :

2007		2006	
(en milliers de dollars)			
Moins de 1 an	270 398 \$	Moins de 1 an	178 432 \$
Entre 1 et 3 ans	5 619	Entre 1 et 3 ans	4 406
	276 017 \$		182 838 \$

La trésorerie est comptabilisée au coût, ce qui équivaut à sa juste valeur. De la trésorerie, 42 090 000 \$ (16 725 000 \$ en 2006) correspondent aux avances et retenues reçues de clients étrangers qui seront versées aux exportateurs canadiens à une date ultérieure, conformément aux contrats. Lorsque le contrat le stipule, ces fonds peuvent accumuler de l'intérêt au crédit de l'exportateur canadien ou du client étranger.

La Corporation investit dans des dépôts à court terme dans des banques canadiennes. Au 31 mars 2007, la durée moyenne à l'échéance des dépôts à court terme était de trois jours (un jour en 2006). Le rendement global du portefeuille au 31 mars 2007 était de 4,50 % (4,13 % en 2006).

Chapitre 1530, Résultat étendu : Cette norme requiert que certaines gains et pertes, par exemple ceux qui découlent de variations dans la juste valeur des flux de trésorerie couverts ou d'actifs classés comme étant disponibles à la vente et qui seraient comptabilisés par ailleurs en bénéfice net, seront inclus dans les autres éléments du résultat étendu jusqu'à leur comptabilisation appropriée en bénéfice net. Il conviendra peut-être d'ajouter un nouvel état financier intitulé « Résultat étendu », pour comptabiliser ces montants jusqu'à leur réalisation.

Ces nouvelles normes entreront en vigueur pour le prochain exercice financier de la Corporation. La Corporation évalue actuellement les incidences de ces normes sur son information financière.

3. Juste valeur des instruments financiers

La juste valeur de la trésorerie, des créances, des avances aux exportateurs canadiens, des paiements progressifs aux exportateurs canadiens, des créditeurs et charges à payer, des avances des clients étrangers et des paiements progressifs des clients étrangers, puisqu'ils sont à courte échéance, équivalent à leur valeur comptable.

iii) Indemnités de départ

Les employés ont droit à des indemnités de départ en vertu des conventions collectives et des conditions d'emploi. Le coût de ces indemnités est comptabilisé au moment où les employés fournissent les services nécessaires pour y avoir droit. Le coût des indemnités aux employés ont droit est déterminé par calcul actuariel selon la méthode de répartition des prestations au prorata des services. La valeur de l'obligation est fondée sur un taux courant d'actualisation lié au marché et sur d'autres hypothèses actuarielles qui représentent la meilleure estimation à long terme, par la direction, de facteurs tels que les futures augmentations de salaires et les taux de démission des employés. L'excédent du gain actuariel net (ou de la perte actuarielle nette) sur 10 % de l'obligation au titre des prestations est amorti sur la durée moyenne résiduelle d'activité des salariés actifs. La durée moyenne résiduelle d'activité des salariés actifs pour ce régime est de 12 ans (12 ans en 2006). Ces indemnités représentent la seule obligation de la Corporation qui nécessite un règlement par paiement futur.

Une mise à jour de l'évaluation actuarielle a été effectuée en date du 31 mars 2007. La dernière évaluation actuarielle complète a été réalisée au 31 mars 2006, et la prochaine est prévue pour le 31 mars 2008.

i) Modifications comptables futures

En janvier 2005, l'Institut Canadien des Comptables Agréés (ICCA) publiait les deux normes comptables suivantes, qui auront des incidences sur la Corporation :

Chapitre 3855, Instruments financiers — comptabilisation et évaluation : Cette norme établit les critères de comptabilisation, de décomptabilisation, d'évaluation et de classement des instruments financiers. La Corporation sera tenue de classer ses actifs financiers, selon qu'ils sont détenus à des fins de transaction, détenus jusqu'à leur échéance, disponibles à la vente ou détenus à titre de prêts et créances. La Corporation sera également tenue de classer ses passifs financiers, selon qu'ils sont détenus à des fins de transaction ou à titre d'autres passifs. Le traitement comptable de ces actifs et passifs sera en fonction de leur classement. Les actifs et passifs classés comme étant détenus à des fins de transaction ou disponibles à la vente doivent être évalués à leur juste valeur, tandis que les actifs et passifs financiers détenus jusqu'à leur échéance, à titre de prêts et créances et les autres passifs doivent être évalués au coût après amortissement.

La Corporation offre également, dans certains cas, des paiements anticipés sur des montants dus aux exportateurs canadiens moyennant certains frais. Ce revenu descompte provient d'un pourcentage déterminé pouvant varier de 0,03 % pour un paiement anticipé d'un jour jusqu'à 1,32 % pour une période de 40 jours. Les revenus descomptes sont comptabilisés dans les revenus d'opérations commerciales lorsque les services sont fournis aux exportateurs canadiens.

Enfin, la Corporation doit veiller à ce que les modalités contractuelles avec le client étranger soient satisfaites, quelle que soit la qualité du rendement fourni par l'exportateur canadien. Si l'exportateur canadien néglige de remplir ses obligations envers son contrat domestique avec la Corporation, la Corporation peut devoir assumer des coûts contractuels supplémentaires et frais connexes. Ces coûts et la provision connexe sont déterminés sur une base de contrat-par-contrat et comprennent les frais d'achèvement, de réapprovisionnement, juridiques et autres frais connexes fondés sur les devis ou les estimations. Ces coûts sont comptabilisés dans l'état des résultats de l'exercice où le défaut d'exécution est constaté et où les coûts supplémentaires devant être assumés par la Corporation peuvent être déterminés de façon raisonnable.

c) Conversion de devises

Les actifs et les passifs monétaires libellés en devises sont convertis en dollars canadiens aux taux en vigueur à la fin de l'exercice. Les montants des revenus et dépenses sont convertis aux taux de change moyens en vigueur le mois courant. Tous les profits et pertes de change sont comptabilisés en tant que perte ou profit de change à l'état des résultats et bénéfices non répartis.

La Corporation conserve des fonds de roulement en devises autres qu'en dollars canadiens pour faciliter les flux de trésorerie entre les clients étrangers et les exportateurs canadiens.

d) Trésorerie

La trésorerie comprend l'encaisse, les dépôts à vue et les placements temporaires arrivant à échéance à moins de trois mois de la date d'acquisition.

e) Immobilisations

Les immobilisations comprennent les coûts liés à la conception et au développement des systèmes d'information et les améliorations locales, qui sont comptabilisés si les montants sont importants. Les systèmes d'information sont amortis selon la méthode linéaire, après que la faisabilité technologique a été établie, sur une durée de vie utile prévue de cinq ans. Les améliorations locales sont amorties selon la méthode linéaire au cours de la durée non écoulée du contrat de location.

f) Crédits parlementaires

Les crédits parlementaires qui ne sont pas considérés comme du surplus d'apport sont inscrits comme financement dans l'exercice pour lequel ils sont approuvés, sauf en ce qui concerne les crédits restreints par la législation et associés à des dépenses d'exercices ultérieurs, qui sont reportés et comptabilisés comme financements de l'exercice au cours duquel les dépenses connexes sont engagées. Les crédits utilisés pour l'achat d'immobilisations sont reportés et amortis en résultat selon la même méthode que les immobilisations connexes.

g) Revenu d'intérêts

Le revenu d'intérêts est inscrit selon la méthode de comptabilité d'exercice et représente les intérêts perçus sur les placements détenus au cours de l'exercice.

h) Avantages sociaux futurs

i) Prestations de retraite

Tous les employés admissibles participent au Régime de retraite de la fonction publique administré par le gouvernement du Canada. Les cotisations de la Corporation correspondent au coût total à titre d'employeur. Ce montant est actuellement fondé sur un multiple de la cotisation obligatoire de l'employé et peut varier à un moment donné selon les résultats du Régime. Les cotisations de la Corporation sont passées en charges dans l'exercice où les services sont fournis et constituent l'obligation totale de la Corporation en matière de prestations de retraite. Actuellement, la Corporation n'est pas tenue de verser des cotisations en rapport avec toute insuffisance actuarielle du Régime de retraite de la fonction publique.

1. Nature, organisation et financement

La Corporation commerciale canadienne (« la Corporation ») a été établie en 1946 en vertu de la *Loi sur la Corporation commerciale canadienne* (« la loi ») et est une société d'État mandataire figurant dans la partie I de l'annexe III de la *Loi sur la gestion des finances publiques*.

La Corporation agit généralement comme maître d'œuvre lorsque des gouvernements étrangers, des organisations internationales ou des acheteurs étrangers du secteur privé veulent acheter des produits et services du Canada par l'entremise du gouvernement canadien. La Corporation établit des contrats avec ces clients étrangers ainsi que des contrats d'approvisionnement correspondant avec des exportateurs canadiens.

Le Parlement a fourni à la Corporation 28 millions de dollars comme surplus d'apport. Chaque année, les activités de la Corporation sont financées principalement par une combinaison de crédits parlementaires, de revenus d'intérêts, de recouvrement des coûts, de droits de services et de revenus descompte des créances.

La Corporation n'est pas assujettie aux dispositions de la *Loi de l'impôt sur le revenu*.

2. Principales conventions comptables

Les présents états financiers ont été préparés conformément aux principes comptables généralement reconnus du Canada. Voici un sommaire des principales conventions comptables :

a) Utilisation d'estimations

La préparation des états financiers conformément aux principes comptables généralement reconnus du Canada exige que la direction établisse des estimations et formule des hypothèses qui ont une incidence sur les montants des actifs et des passifs déclarés et l'information à fournir sur les actifs et les passifs éventuels à la date des états financiers, ainsi que les montants des revenus et dépenses déclarés au cours de l'exercice. Les estimations les plus importantes de la direction se situent au niveau de la provision pour coûts contractuels supplémentaires et frais connexes ainsi que la provision pour avantages sociaux futurs. Les résultats réels pourraient différer de façon significative de ces estimations car des facteurs influant sur la capacité des exportateurs canadiens de s'acquitter de leurs contrats varient, où il y a des changements au taux descompte de la Corporation et une augmentation des taux de rémunération. Tous changements aux estimations sont reflétés dans les états financiers au cours de l'exercice où ils sont identifiés.

b) Contrats

La Corporation comptabilise les revenus de ses opérations commerciales et les coûts s'y rapportant lorsqu'une livraison est effectuée, c'est-à-dire au moment où le titre des produits achetés passe au client étranger ou, dans le cas où le contrat stipule des paiements progressifs, au moment de l'acceptation par la Corporation des travaux exécutés.

Lorsqu'ils sont permis, les paiements progressifs correspondent aux paiements effectués par les clients étrangers et aux paiements versés aux exportateurs canadiens en fonction du travail exécuté dans le cadre d'un contrat menant à la livraison d'un produit ou d'un service. En général, ces paiements représentent jusqu'à 75 % des frais engagés. Étant donné que le titre de propriété n'a toutefois pas encore été cédé aux clients étrangers, la Corporation comptabilise les paiements progressifs versés aux exportateurs canadiens comme un actif et les paiements progressifs reçus des clients étrangers comme un passif. Cet actif et ce passif sont réduits à la livraison et sur acceptation des travaux par le client étranger.

Les avances provenant des clients étrangers et les avances versées aux exportateurs canadiens représentent un acompte versé au début du contrat, avant toute exécution des travaux. La Corporation comptabilise les avances versées aux exportateurs canadiens comme un actif et les avances reçues des clients étrangers comme un passif. Les avances versées et les avances reçues pour les contrats internationaux signés avant cette date sont comptabilisés à titre de revenus d'opérations commerciales lorsque :

- 1) les livraisons ont été effectuées par l'exportateur canadien; ou
- 2) l'exportateur canadien a réalisé une partie substantielle du travail dans le cas de paiements progressifs.

À l'entrée en vigueur de cette modification à la loi, la Corporation a été autorisée à imposer des droits commerciaux pour ses services. Les droits commerciaux générés pour les contrats internationaux signés à compter du 19 avril 2002 sont comptabilisés comme des revenus d'opérations commerciales lorsque les services sont rendus.

État des flux de trésorerie

Exercice terminé le 31 mars (en milliers de dollars)

	2007	2006
Flux de trésorerie liés aux activités d'exploitation		
Recettes des clients étrangers	1 179 098 \$	1 066 807 \$
Intérêts reçus	2 633	2 020
Frais de service et autres revenus reçus	9 133	8 307
Palements aux exportateurs canadiens	(1 142 111)	(1 064 347)
Palements administratifs	(19 144)	(20 035)
Crédits parlementaires	18 072	15 038
Rentrées de fonds liés aux activités d'exploitation	47 681	7 790
Flux de trésorerie liés aux activités d'investissement		
Vente (achat) d'immobilisations	15	(1 369)
Rentrées (sorties) de fonds liés aux activités d'investissement	15	(1 369)
Effet des fluctuations des taux de change sur la trésorerie	(385)	(224)
Augmentation de la trésorerie	47 311	6 197
Trésorerie au début de l'exercice	62 650	56 453
Trésorerie à la fin de l'exercice	109 961 \$	62 650 \$

Les notes complémentaires font partie intégrante des états financiers.

Etat des résultats et bénéfices non répartis

Exercice terminé le 31 mars (en milliers de dollars)

	2007	2006
Revenus		
Opérations commerciales (note 11)	1 136 614 \$	1 064 941 \$
Moins : coût des opérations commerciales	1 127 481	1 056 634
Marge brute	9 133	8 307
Revenu d'intérêts net	2 633	2 020
Perte de change	(385)	(224)
Revenus nets	11 381	10 103
Dépenses		
Coûts contractuels supplémentaires et frais connexes (note 9)	4 872	4 272
Frais d'administration (note 12)	19 980	20 590
Total des dépenses	24 852	24 862
Résultats d'exploitation nets avant crédits parlementaires	(13 471)	(14 759)
Crédits parlementaires (note 14)	16 923	16 181
Résultats d'exploitation nets	3 452	1 422
Bénéfices non répartis au début de l'exercice	12 535	11 113
Bénéfices non répartis à la fin de l'exercice	15 987 \$	12 535 \$

Les notes complémentaires font partie intégrante des états financiers.

États financiers et notes

Bilan

31 mars (en milliers de dollars)

2007 2006

Actifs	
Trésorerie (note 4)	109 961 \$
Créances (note 5)	257 086
Créance du gouvernement du Canada (note 14)	—
Avances aux exportateurs canadiens	140 458
Paiements progressifs aux exportateurs canadiens	51 457
Immobilisations (note 6)	558 962
	1 396
	560 358 \$
	332 011 \$

Passifs	
Créditeurs et charges à payer (note 5)	276 017 \$
Avances des clients étrangers	180 575
Paiements progressifs des clients étrangers	50 091
Provision pour coûts contractuels supplémentaires	8 697
et frais connexes (note 9)	515 380
	290 499
Avantages sociaux futurs (note 7)	991
	516 371
	291 476

Obligations contractuelles, éventualités et engagements (notes 8, 10 et 15)

Avoir du Canada	
Surplus d'apport (note 1)	28 000
Bénéfices non répartis	15 987
	43 987
	40 535
	332 011 \$
	560 358 \$

Les notes complémentaires font partie intégrante des états financiers.

Approuvé :

Le président du conseil d'administration,

Alan R. Curleigh

Le président du Comité de vérification,

Norman A. Turnbull, CA

Rapport du vérificateur



Auditor General of Canada
Vérificatrice générale du Canada

Au ministre du Commerce international

J'ai vérifié le bilan de la Corporation commerciale canadienne au 31 mars 2007 et les états des résultats et bénéfices non répartis et des flux de trésorerie de l'exercice terminé à cette date. La responsabilité de ces états financiers incombe à la direction de la Corporation. Ma responsabilité consiste à exprimer une opinion sur ces états financiers en me fondant sur ma vérification.

Ma vérification a été effectuée conformément aux normes de vérification généralement reconnues du Canada. Ces normes exigent que la vérification soit planifiée et exécutée de manière à fournir l'assurance raisonnable que les états financiers sont exempts d'inexactitudes importantes. La vérification comprend le contrôle par sondages des éléments probants à l'appui des montants et des autres éléments d'information fournis dans les états financiers. Elle comprend également l'évaluation des principes comptables suivis et des estimations importantes faites par la direction, ainsi qu'une appréciation de la présentation d'ensemble des états financiers.

À mon avis, ces états financiers donnent, à tous les égards importants, une image fidèle de la situation financière de la Corporation au 31 mars 2007 ainsi que des résultats de son exploitation et de ses flux de trésorerie pour l'exercice terminé à cette date selon les principes comptables généralement reconnus du Canada. Conformément aux exigences de la *Loi sur la gestion des finances publiques*, je déclare qu'à mon avis ces principes ont été appliqués de la même manière qu'au cours de l'exercice précédent.

De plus, à mon avis, les opérations de la Corporation dont j'ai eu connaissance au cours de ma vérification des états financiers ont été effectuées, à tous les égards importants, conformément à la partie X de la *Loi sur la gestion des finances publiques* et ses règlements, à la *Loi sur la Corporation commerciale canadienne* et aux règlements administratifs de la Corporation.

Pour la vérificatrice générale du Canada,

Douglas G. Timmins, CA
vérificateur général adjoint

Ottawa, Canada
Le 25 mai 2007

Responsabilité de la direction à l'égard des états financiers

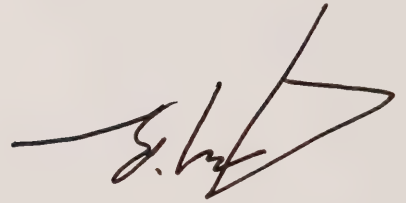
Les états financiers de la Corporation commerciale canadienne et tous les éléments d'information inclus dans ce rapport annuel relèvent de la responsabilité de la direction. Les états financiers ont été préparés conformément aux principes comptables généralement reconnus du Canada à partir des meilleures estimations et du jugement éclairé de la direction, le cas échéant. L'information financière présentée ailleurs dans le rapport annuel concorde avec les états financiers.

Pour assumer cette responsabilité, la direction a établi et maintient des registres et documents comptables, des systèmes de contrôle financier et de gestion, des systèmes d'information et des pratiques de gestion. Ces éléments ont pour but de fournir une assurance raisonnable que l'information financière est fiable, que les actifs sont protégés et contrôlés et que les opérations de la Corporation sont conformes à la *Loi sur la gestion des finances publiques* et aux règlements qui en découlent et, selon le cas, à la *Loi sur la Corporation commerciale canadienne* et aux règlements administratifs de la Corporation.

Le Comité de vérification supervise les responsabilités de la direction consistant à tenir des systèmes de contrôle convenable et à assurer la qualité de l'information financière. Le Comité de vérification rencontre la direction et les vérificateurs internes et externes pour s'assurer que ces groupes s'acquittent de leurs responsabilités et pour aborder les questions concernant la vérification, les contrôles internes et autres sujets financiers pertinents. Le Comité de vérification a examiné les états financiers avec le vérificateur externe et a soumis son rapport au conseil d'administration, qui à son tour, a examiné et approuvé les états financiers.

Le vérificateur externe de la Corporation, c'est à dire la vérificatrice générale du Canada, vérifie les états financiers de la Corporation conformément aux normes de vérification généralement reconnues du Canada, et formule son opinion sur les états financiers.

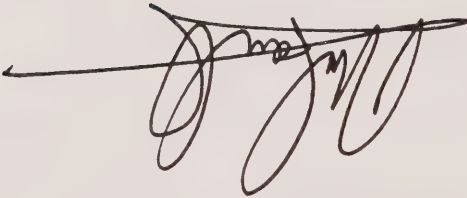
Le président et chef de la direction,



John McBride

Le vice-président

Risque et finance, et chef de la
direction financière,



Michel Houle, CMA

Ottawa, Canada
Le 25 mai 2007

Les risques liés aux processus :

Les organisations ont des systèmes et des processus en place pour fournir des conseils au personnel, contrôler la Corporation ne livrent pas les biens et services prévus dans les conditions générales de leurs contrats avec les acheteurs étrangers. L'abandon graduel du programme de paiements progressifs et la concentration des activités sur les fournisseurs plus solides ont réduit le risque global du portefeuille de contrats.

Les risques liés au rendement :

Les risques liés au crédit étranger : Ce sont les risques qu'une partie étrangère ne respecte pas son obligation de payer pour les biens ou les services prévus dans son contrat avec la Corporation. La Corporation transige avec les gouvernements étrangers et les organismes commerciaux ayant une cote de crédit AAA ou plus élevée. Lorsque la cote de crédit est inférieure à AAA, elle exige des garanties de paiement. Dans tous les autres cas, la Corporation transfère le risque de crédit à l'exportateur. Souvent, celui-ci fait appel aux services de financement et d'assurance d'Exportation et développe des opérations commerciales pour atténuer ces risques de crédit.

Le risque de change lié aux**contrats d'exportation :**

Étant donné la variation des cours du change dans le temps, les exportateurs dont les contrats sont dans une devise étrangère courent le risque de voir baisser leurs revenus en dollars canadiens. La Corporation transfère ce risque à l'exportateur par le mécanisme des contrats correspondants : elle ne paye l'exportateur que dans la devise du contrat signé avec l'acheteur étranger.

Corporation ont été menés en cours d'exercice. Ils concernaient : 1) la certification et la signature des contrats et 2) la gestion des contrats. Ces examens/vérifications ont porté sur les domaines où il serait possible d'améliorer les processus de la Corporation. Depuis, la direction a pris les mesures appropriées pour mettre en œuvre les recommandations. La majeure partie de cette tâche aura lieu en 2007-08.

Risques liés aux activités pré- et post-pour la passation de contrats et d'approvisionnement

La Corporation est sensible au besoin de protéger l'argent des contribuables par une gestion prudente et efficace des risques de ses opérations commerciales, particulièrement ses contrats d'exportation et autres activités d'approvisionnement. Dans ces opérations, on tient compte des secteurs de risques suivants :

Les risques contractuels :

Ces risques sont liés aux conditions comprises au sein des contrats domestiques et étrangers de la CCC. Différents types de projets requièrent des conditions qui peuvent mener à une augmentation du risque attribué à la Corporation. Des exigences contractuelles plus sévères ont été mises en place au cours de l'exercice pour atténuer ce risque.



de la CCC pour les exportateurs canadiens. La CCC a consacré beaucoup de temps cette année à renforcer ses liens avec ses partenaires clés. Le risque d'une telle stratégie est que la capacité de la Corporation d'atteindre ses objectifs dépende en partie des intentions de ses partenaires.

Risques opérationnels

Chaque unité opérationnelle et fonctionnelle de la Corporation gère les risques liés à son personnel, ses informations et ses processus. Ces risques sont assumés par les vice-présidents des unités opérationnelles et fonctionnelles. L'équipe de GRE assure une surveillance et offre son soutien au besoin.

Les risques liés au personnel :

Les risques liés au personnel comprennent les lacunes au niveau du nombre de personnes et/ou des compétences requises pour rencontrer les attentes des clients et les objectifs globaux de l'organisation. Pour atténuer ce risque, la Corporation a réussi à recruter de l'extérieur un grand nombre de personnes expérimentées, qualifiées et motivées. Elle a aussi réussi à promouvoir à l'intérieur tout en restructurant l'organisation et en augmentant les capacités au sein des unités fonctionnelles. Ces nouveaux employés ont renforcé la capacité de la Corporation d'exercer ses efforts futurs sur l'amélioration des procédés administratifs.

Les risques liés à l'information :

Si l'on ne garantissait pas l'accès à un système informatique capable de générer les données requises de manière efficace et efficiente, il y a un risque lié à l'information. L'an dernier, la Corporation a poursuivi l'examen de son principal système d'information. À la suite de cet examen, on a recommandé au conseil de remplacer le système par un produit plus efficace et efficace. La mise en œuvre aura lieu en 2007-08.

Les risques liés au mandat

de la CCC :

Ce sont les risques qui se rapportent aux activités commerciales de la CCC qui pourraient être hors-mandat. Afin d'atténuer ce risque, la CCC a reporté son attention sur les marchés de la défense et de certains gouvernements étrangers. Elle a aussi rationalisé ses programmes pour éviter les chevauchements avec les services d'autres sociétés d'État. L'ensemble des services qu'elle offre s'inscrit donc très bien dans son mandat. Les nouveaux services font l'objet d'un examen par le Comité des initiatives commerciales du conseil d'administration, qui s'assure qu'ils correspondent aussi au mandat de la CCC.

Les risques liés aux structures

de la CCC :

Pour atteindre ses objectifs, la Corporation doit s'assurer qu'elle a en place la structure et/ou le capital nécessaires. Au cours de l'année, la restructuration des activités de l'organisation de la Défense de la Corporation a été complétée. Durant cette restructuration, qui a débuté en 2006-07, les activités pré- et post-contrats ont été séparées, pour accroître les économies et renforcer l'attribution des responsabilités et les contrôles internes.

Les risques liés à la réputation

de la CCC :

La réputation de la CCC peut être entachée par des événements qui ternissent son image de marque ou par de mauvaises communications avec son actionnaire. Pour atténuer ces risques, on a amorcé une stratégie de communication qui fait en sorte que l'actionnaire reçoit l'information générale de la CCC efficacement et en temps utile.

Les risques liés à l'environnement commercial de la CCC :

L'évolution de la situation économique et de la conjoncture et les changements au sein des organismes partenaires ou dans les pratiques bancaires ou d'assurance ont une incidence sur l'utilisation et la valeur des services

les responsabilités et les stratégies qui ont été adoptées pour gérer ces risques. Le cadre souligne l'engagement de la CCC envers l'amélioration continue de ses pratiques de gestion des risques. Pendant la deuxième phase de la mise en œuvre (en cours), on doit recueillir des données sur le risque auprès des unités opérationnelles, les regrouper, puis les comparer au Plan d'entreprise de la CCC. Enfin, la Corporation doit s'assurer que le programme de GRE est dûment mis à jour et que des améliorations continues liées à la gestion du risque sont appliquées à l'échelle de la Corporation.

Gouvernance en matière

de risques

Le conseil d'administration a la responsabilité générale de s'assurer que le programme de gestion des risques de la Corporation est à jour et efficace et procède à un examen annuel du programme. La direction de la CCC se doit de développer les structures, les politiques et les procédures de gestion des risques à faire approuver par le président de la Corporation, puis par le conseil. Cette tâche est facilitée par la « table du risque » (un comité), dont le mandat est de conseiller le président en matière de gestion des risques. Plus précisément, la table du risque vérifie si le cadre de GRE est instauré et appliqué comme il se doit pour que les processus décisionnels tiennent compte des risques.

Catégories de risques :

Risques stratégiques

En élaborant le Plan d'entreprise, la direction et le conseil passent en revue les risques qui pourraient contrevenir à la réalisation des objectifs généraux de la CCC. Ces risques élevés entrent dans la catégorie des « risques stratégiques ».

Ce sont :

Perspectives pour 2007-08 dans le Plan d'entreprise

La CCC prévoit réaliser un excédent d'exploitation de 2,9 M\$ en 2007-08, soit 1,9 M\$ de plus que ce qui était prévu en 2006-07, mais 0,6 M\$ de moins que les résultats réels de 2006-07.

collectives.

Gestion des risques :

Aperçu

Le crédit parlementaire de la CCC en 2007-08 s'élève à 16,2 M\$. Ce chiffre comprend la dernière portion d'une réduction progressive des crédits qui représentait la contribution de la CCC aux réductions pangouvernementales du Comité d'examen des dépenses et une augmentation octroyée à la CCC par les représentants du Conseil du Trésor au titre des négociations

8,5 M\$ au cours de leur cinquième année de mise en œuvre, soit plus que leur niveau record d'il y a deux ans. Le revenu d'intérêts net a aussi dépassé de 0,9 M\$ les prévisions, principalement grâce à des mesures améliorées de recouvrement des créances, qui ont réduit les coûts d'emprunts commerciaux de la CCC, et à une utilisation efficace de ses flux de trésorerie, qui a permis de soutenir des soldes de trésorerie plus importants que prévu pour les placements en cours d'exercice. Les produits des taux d'intérêt ont aussi été plus importants que prévu au cours de l'exercice.

On s'attend à ce que les frais perçus que les résultats atteints en 2006-07. En 2007-08, on s'attend à des revenus nets de 11,2 M\$, soit 0,2 M\$ de moins qu'en 2006-07. Les gains d'intérêt devraient rester au même niveau qu'en 2006-07.

Des programmes conçus à cet effet ont permis de réduire au minimum les pertes sur les opérations de change, mais la CCC a néanmoins affiché une perte plus importante que prévue à ce chapitre. Le dollar canadien s'est apprécié par rapport à la devise américaine, passant de 0,8562 USD (1,1680 CAD) la CCC, les coûts contractuels supplémentaires et connexes devraient être de 2,5 M\$ d'après le taux de pertes historique de la Corporation. Les frais de service versés à TPSGC devraient atteindre près de 4,5 M\$, ce qui est conforme aux résultats réels de 2006-07. À 17,4 M\$, les autres dépenses d'exploitation prévues seront plus importantes que les dépenses réelles de 2006-07 (15,7 M\$). Leur niveau relativement faible en 2006-07 était dû au fait que la direction de la CCC a concentré ses efforts sur la dotation des postes prévus et l'acquisition des ensembles de compétences nécessaires pour offrir efficacement ses services, en plus de reconceptualiser et de repositionner l'unité opérationnelle des Marchés émergents et en développement. La CCC n'a donc pas entièrement dépensé ses budgets de ressources humaines, de déplacements et de développement organisationnel en 2006-07.

Les coûts contractuels supplémentaires et connexes ont dépassé de 2,3 M\$ les niveaux prévus, en raison des problèmes liés à un contrat signé avant 2003. La CCC continuera à renforcer ses processus internes afin de mettre en place des mesures optimales de surveillance et de gestion des risques pour tous ses contrats.

Plus précisément, la CCC gère trois catégories de risques distinctes : les risques stratégiques, les risques opérationnels et les risques liés aux fonctions de structure et de certification des contrats (pré-contrat) et les fonctions de gestion des contrats et à l'approvisionnement (post-contrats). Pour mieux relier ces risques à ces objectifs globaux, la CCC poursuit la mise en œuvre d'un programme de gestion des risques d'entreprise (GRE). Pendant la première phase, qui a bénéficié d'une participation et d'un soutien importants de la part du conseil d'administration, on a élaboré le cadre global de GRE. Ce cadre décrit comment la CCC détermine et contrôle sa propension à prendre des risques et sa tolérance au risque. On y indique aussi les principes de base,

Analyse du bilan

Situation financière sommaire

Sommaire	2006-07 (M\$)	2005-06 (M\$)
Actif total	560,4 \$	332,0 \$
Passif total	516,4 \$	291,5 \$
Avoir du Canada	44,0 \$	40,5 \$

L'actif total de la CCC s'élevait à 560,4 M\$ au 31 mars 2007, ce qui représente une hausse de 68,8 % par rapport au 31 mars 2006.

légers.

de la CCC constitue une sûreté contre le risque commercial normal lié à son portefeuille de contrats non exécutés (environ 1,9 milliard de dollars au 31 mars).

Activités d'exploitation

En 2006-07, les activités d'exploitation de la CCC lui ont fourni 47,7 M\$ en espèces, contre 7,8 M\$ en 2005-06. Cette importante augmentation provient principalement de deux sources.

En premier lieu, une part d'environ 24,1 M\$ (50,6 %) représente les apports en espèces qui peuvent survenir lorsque les paiements anticipés effectués par les gouvernements étrangers aux exportateurs canadiens sont retenus par mesure d'atténuation des risques, puis libérés après la livraison des produits ou services visés par le contrat. Dans certains cas, l'intérêt couru sur les sommes retenues est versé à l'exportateur (32,3 %) résulte des écarts temporaires entre les entrées de fonds dans les débiteurs de la CCC et les décaissements de ses comptes créditeurs. L'écart entre débiteurs et créditeurs, plus important qu'au dernier exercice, confirme que la CCC a amélioré ses méthodes de recouvrement des créances.

Activités d'investissement

La Corporation n'a fait aucune acquisition d'immobilisations en 2006-07.

Comparaison avec le Plan d'entreprise 2006-07 à 2010-11

La CCC a connu une année positive en 2006-07 du point de vue de la production de revenus. Elle a dépassé de 1,7 M\$ (23,8 %) son objectif de marge bénéficiaire brute, établi à 7,4 M\$, confirmant ainsi la valeur de ses services et de son savoir-faire pour les exportateurs canadiens et les partenaires gouvernementaux soucieux d'assurer la réussite de leurs projets. En particulier, la Corporation a dépassé son objectif de revenus tirés des frais de service, établi à 6,6 M\$; ces frais ont totalisé

47,3 M\$ par rapport à l'exercice précédent.

Au 31 mars 2007, les dépôts en espèces et à court terme ont augmenté de

Fonds de trésorerie utilisés	2006-07 (M\$)	2005-06 (M\$)
Activités d'exploitation	47,7 \$	7,8 \$
Activités d'investissement	— \$	(1,4) \$
Effet des variations du taux de change sur la trésorerie	(0,4) \$	(0,2) \$

Évolution de la situation financière

Sommaire des flux de trésorerie

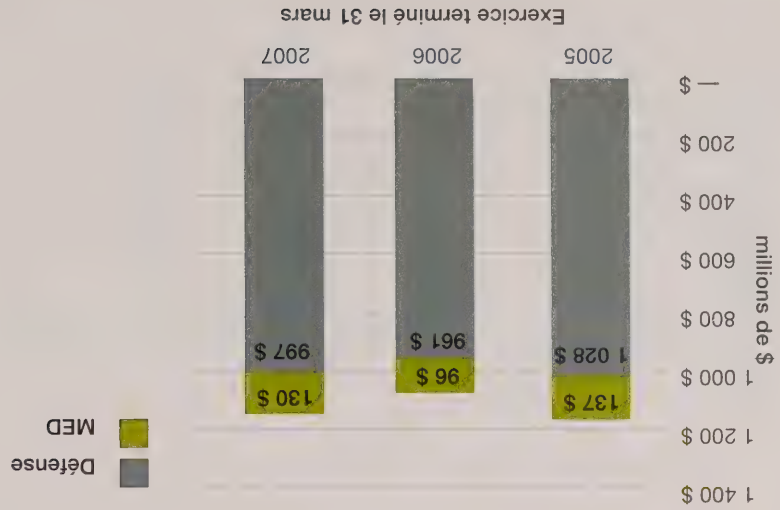
À titre d'intermédiaire commercial international, la CCC compense en grande partie ses actifs liés au commerce par des engagements équivalents. Les comptes débiteurs des clients étrangers et les paiements progressifs aux exportateurs canadiens, de même que les crédits et les charges à payer aux exportateurs canadiens sont normalement compensés par les comptes débiteurs et les paiements progressifs à l'exportateur (pour la construction et à l'équipement, aux Pays-Bas et à l'Équateur) (pour la construction de l'aéroport international de Quito). Une part importante de ces avances, soit 121,8 M\$, a été transférée aux exportateurs canadiens et expliquée par la hausse importante de l'actif, plus précisément les avances aux fournisseurs. La provision pour coûts contractuels supplémentaires et connexes de la CCC a augmenté de 2,3 M\$ en 2006-07. La hausse de 4,9 M\$ de la provision a été compensée par des décaissements connexes de 2,6 M\$ pour le règlement des contrats non exécutés par les exportateurs canadiens.

En 2006-07, la valeur de l'actif du gouvernement du Canada dans la CCC était de 44,0 M\$, une augmentation de 3,5 M\$ (pour plus de détails, voir l'analyse de l'état des résultats). L'actif

De temps à autre, la CCC a besoin d'autres fonds de roulement pour combler les écarts temporaires entre ses créditeurs et créances. La loi confère à la CCC le pouvoir d'emprunter commercialement jusqu'à concurrence de 90 M\$, ce qui lui donne la souplesse nécessaire pour gérer de tels écarts.

Les immobilisations de la CCC ont diminué de 0,8 M\$ en 2006-07 en raison de l'amortissement de son actif. La Corporation n'a fait aucune acquisition d'immobilisations en 2006-07.

Facturation par unité opérationnelle



>> L'amortissement des actifs immobiliers de la CCC s'est chiffré à 0,8 M\$, soit le même montant qu'en 2005-06.

des affaires.

>> Les frais de déplacement, engagés surtout pour les besoins opérationnels, afin d'obtenir ou de gérer les contrats internationaux de la CCC, se sont chiffrés à 1,1 M\$, soit 0,4 M\$ (56,9 %) de plus que le montant dépensé en 2005-06. L'augmentation est due aux déplacements relatifs à la gestion des contrats pour quelques gros contrats et les activités d'expansion

tant qu'en 2005-06.

>> Les consultants embauchés en plus de l'effectif de la CCC pour exécuter des mandats exigeant des compétences particulières ont coûté 1,1 M\$, soit le même montant qu'en 2005-06.

>> La location des locaux a coûté 1,3 M\$, soit 0,1 M\$, ou une augmentation de 10,2 %, de plus qu'en 2005-06 en raison des augmentations liées aux impôts fonciers et aux commodités.

>> Les dépenses diverses, dont celles relatives aux communications et de la CCC s'est élevé à 16,9 M\$, soit 0,7 M\$ de plus que l'exercice précédent. La CCC a en effet reçu des fonds supplémentaires de 0,9 M\$ pour financer les règlements négociés avec ses syndiqués, y compris des montants rétroactifs pour les exercices 2003-04, 2004-05 et 2005-06. Cette somme a été compensée en partie par une réduction de 0,2 M\$, qui représente la contribution de la CCC au Comité d'examen des dépenses de l'ensemble du gouvernement.

>> Les frais de télécommunication, de messagerie et de traduction sont élevés à 0,2 M\$, soit le même montant qu'en 2005-06.

>> Les frais liés aux initiatives de ressources humaines et de formation se sont élevés à 0,4 M\$, soit le même montant qu'en 2005-06.

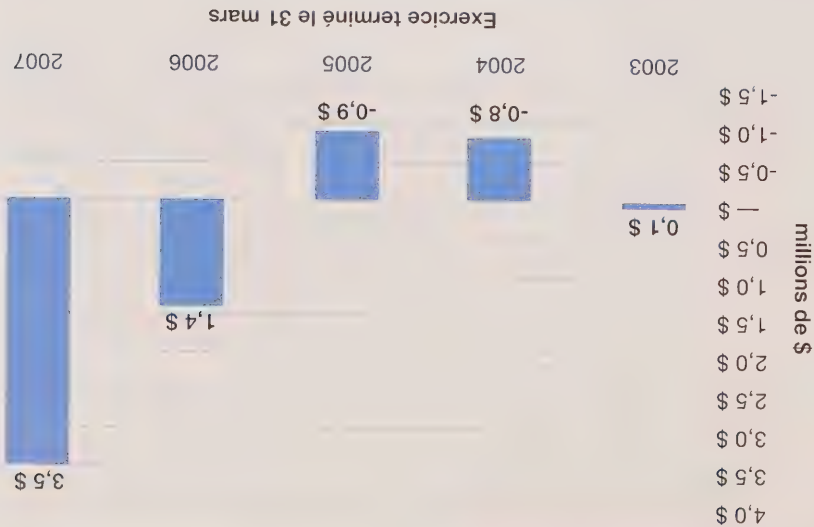
>> Le matériel informatique, le logiciel et les coûts de soutien, abstraction faite des coûts du personnel ou des consultants en informatique compris dans l'effectif de la CCC, ont représenté des dépenses de 0,7 M\$, soit 0,1 M\$ (21,0 %) de plus que le montant dépensé en 2005-06.

Crédit parlementaire

En 2006-07, le crédit parlementaire de la CCC s'est élevé à 16,9 M\$, soit 0,7 M\$ de plus que l'exercice précédent. La CCC a en effet reçu des fonds supplémentaires de 0,9 M\$ pour financer les règlements négociés avec ses syndiqués, y compris des montants rétroactifs pour les exercices 2003-04, 2004-05 et 2005-06. Cette somme a été compensée en partie par une réduction de 0,2 M\$, qui représente la contribution de la CCC au Comité d'examen des dépenses de l'ensemble du gouvernement.

Les coûts contractuels supplémentaires et les frais connexes étaient de 4,9 M\$, une augmentation de 0,6 M\$ à ceux de 2005-06. Le montant de 4,9 M\$ a été déterminé après le nouvel établissement des coûts estimatifs de règlement des contrats douteux ou contestés des exercices antérieurs.

Résultats opérationnels



à la gestion efficiente de ses activités de recouvrement des créances et à une meilleure utilisation de ses flux de trésorerie, qui a donné des soldes de trésorerie plus élevés que prévu. Avec des taux de rendement des placements supérieurs aux prévisions, la CCC a réalisé ses gains d'intérêt les plus élevés depuis 2000-01. En 2006-07, les gains d'intérêt ont augmenté de 0,6 M\$ (30,4 %) par rapport à 2005-06. Ces hausses ont été compensées par la perte sur les opérations de change de 0,4 M\$, le rapport à la devise américaine, passant de 0,8562 USD (1,1680 CAD) au 1er avril 2006 à 0,8661 USD (1,1546 CAD) au 31 mars 2007.

Dépenses

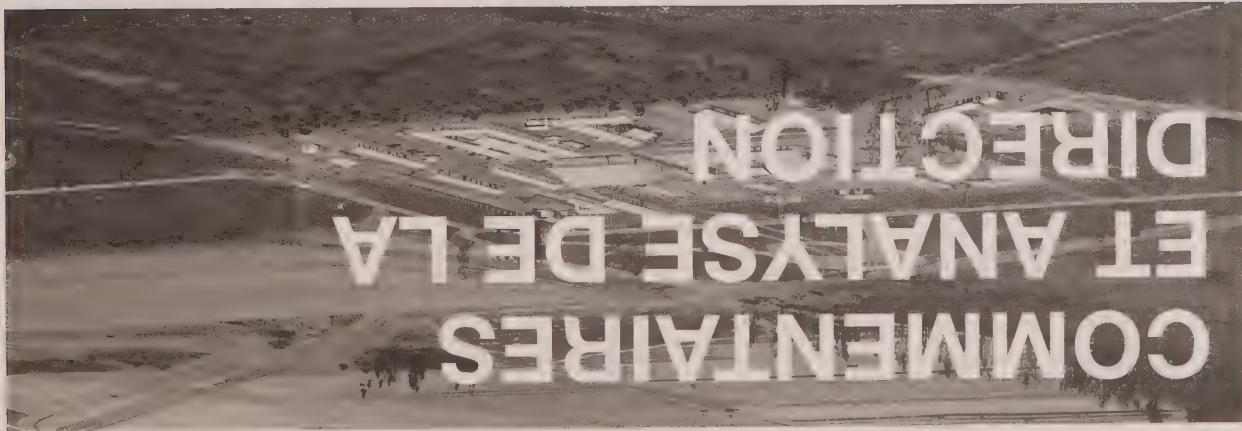
En 2006-07, les dépenses totales étaient de 24,9 M\$, un montant égal à celui de 2005-06. Les frais d'administration ont été inférieurs de 0,6 M\$, mais ils ont été compensés par une hausse de 0,6 M\$ des coûts contractuels supplémentaires et des frais connexes. Voici certains des éléments constituant les dépenses administratives :

>> L'effectif de la CCC, composé de 101 employés permanents et temporaires très expérimentés, qualifiés et motivés, a coûté 9,4 M\$, soit environ le même montant qu'au dernier exercice.

>> En 2006-07, les frais de service perçus par Travaux publics et Services gouvernementaux Canada sur les activités de base en vertu de l'APPD ont été négociés à 4,0 M\$. En plus de cette somme, 0,3 M\$ ont été versés pour la participation de TPSCGC à des projets spéciaux. Les frais totaux, de 1,1 M\$, ont été inférieurs de 20,9 % à ceux de 2005-06.

Revenu net





Faits saillants

On trouvera ci-après une analyse plus détaillée de la situation financière de la CCC en 2006-07.

de quelques autres contrats d'entrevue signés en 2006-07, pour lesquels les délais de livraison étaient serrés.

La marge brute est constituée des

opérations commerciales et des coûts reliés aux opérations commerciales. Les coûts relatifs aux opérations commerciales englobent les coûts pour les facturations liées aux travaux effectués par les exportateurs canadiens dans le cadre de contrats en cours et compensés en leur totalité par les facturations de la CCC. Les frais de service sont la composante principale de la marge brute et constituent 93,0 % du total. Ceux-ci ont dépassé les frais de service de 2005-06 par 0,9 M\$. Des droits totaux de 8,5 M\$, 3,5 M\$ (41,0 %) ont été générés grâce aux ententes de service d'approvisionnement dans le cadre de projets reliés à la défense, tandis que 2,7 M\$ (31,3 %) ont été générés par les transactions de financement

structure.

Les revenus nets constitués de la marge bénéficiaire brute, des gains d'intérêt nets et des pertes sur les opérations de change, ont augmenté de 1,3 M\$ par rapport au dernier exercice, ce qui représente en moyenne annuelle une augmentation de 12,6 %. En plus de l'augmentation de la marge bénéficiaire brute, une partie de cette augmentation est attribuable aux gains d'intérêt supérieurs réalisés par la CCC grâce

Analyse de l'état des résultats

Résultats sommaires des opérations

Bénéfice net	2006-07 (M\$)	2005-06 (M\$)
Opérations commerciales	1 136,6 \$	1 064,9 \$
Marge brute	9,1 \$	8,3 \$
Revenus nets	11,4 \$	10,1 \$
Dépenses totales	24,9 \$	24,9 \$
Credit parlementaire	16,9 \$	16,2 \$
Résultats nets des opérations	3,5 \$	1,4 \$

Pour le deuxième exercice financier consécutif, la CCC a affiché un excédent d'exploitation en 2006-07. Cet excédent de 3,5 M\$ a été le plus important des 15 derniers exercices et représente une augmentation de 142,6 % par rapport à l'exercice de l'année précédente. Ceci a été atteint malgré des coûts contractuels supplémentaires et des frais connexes plus élevés que la normale. La CCC a perçu un niveau record de frais de service, dépassant de près de 0,9 M\$ (11,7 %) les résultats de 2005-06, tout en réduisant considérablement ses frais d'administration en une année de transformation interne. De plus, la gestion efficace des flux de trésorerie, qui a rehaussé l'encaisse, combinée à des taux de rendement des placements plus élevés que prévus, ont donné lieu à des revenus d'intérêt de 2,6 M\$, les plus élevés des six derniers exercices.

FAIT La CCC travaille avec d'autres ministères et organismes fédéraux à offrir les meilleurs services possibles aux exportateurs canadiens

L'HISTOIRE Prix d'excellence de la fonction publique pour le Délégué commercial virtuel

Le Secrétaire du Conseil du Trésor a décerné à la CCC le Prix d'excellence collectif pour l'élaboration de services en ligne axés sur la clientèle. Ce prix récompense la CCC pour le système de Gestion électronique des relations avec la clientèle (GeRC) et le Délégué commercial virtuel (DCV), deux services créés grâce à un partenariat entre la CCC, le MAECI, EDC et Agriculture et Agroalimentaire Canada. Par ailleurs, la CCC a reçu un Prix d'excellence dans la prestation de services à la clientèle pour son apport au groupe de travail sur le DCV. Ces initiativestémoignent de l'approche concertée qui existe entre les ministères et organismes fédéraux pour améliorer la coordination des services offerts aux exportateurs canadiens au moyen d'un guichet unique.

Un milieu propice à un personnel très motivé et très compétent

Un autre objectif général de la CCC en 2006-07 était de créer un milieu propice à un personnel très motivé et très compétent. La Corporation a pris des engagements spécifiques à cet égard, notamment d'accroître l'évaluation favorable par les employés de l'environnement interne et d'élaborer des cadres pour analyser la participation des employés et la productivité des effectifs.

La CCC procède actuellement à une mise à jour de sa stratégie des ressources humaines. La CCC poursuit son objectif d'établir une culture d'excellence, d'engagement et de travail d'équipe. Cette stratégie renouvelée devrait orienter les mesures de planification de la relève, de gestion du savoir et d'acquisition de compétences et de capacités stratégiques à long terme et permettre d'harmoniser les politiques et les procédures de ressources humaines à l'avenir.

Partenariats efficaces

Le troisièmesystème objectif général, mais aussi fondamental, de la CCC était d'établir des partenariats efficaces avec ses partenaires clés en élaborant un cadre d'analyse et de mesure de l'efficacité de ses relations critiques avec ses partenaires et ses clients.

En 2006-07, la CCC a procédé à l'examen systématique de ses partenariats, tant à l'intérieur de ses unités opérationnelles, comme mentionné plus haut, que sur le plan général. Elle a mis fin à certains partenariats, qui ne s'inscrivaient plus dans son orientation stratégique resserrée. En d'autres cas, là où le partenariat s'inscrivait dans son orientation stratégique resserrée, la CCC s'est efforcée de les améliorer et de jeter les bases de solides relations à long terme.

Par exemple, elle a travaillé avec le MAECI et EDC à un protocole d'entente sur des initiatives conjointes d'expansion des affaires et de partage d'information afin de créer des solutions uniformes pour appuyer les exportateurs et investisseurs canadiens. La CCC s'est également penchée sur sa proposition de valeur à l'intention de ses clients, et elle a commencé à intégrer dans ses produits et services de communication. La Corporation a également tissé des liens plus étroits avec les autres ministères et organismes du gouvernement par l'entremise de ses activités au sein de la nouvelle initiative Trade Services). Comme elle a redéfini son approche, la CCC en profite pour examiner sa façon de mesurer la valeur de ce qu'elle offre à ses clients.

On trouvera au tableau-synthèse à l'annexe C, les engagements généraux de la Corporation pour 2006-07 et de son rendement par rapport aux objectifs.

Processus opérationnels et mesures de rendement

Enfin, la CCC s'était engagée à élaborer des processus opérationnels bien établis et des mesures de rendement significatives. La Corporation a réussi à clarifier ses processus opérationnels. En 2006-07, la Corporation en a amorcé l'évaluation, à la faveur de l'analyse et de la mise en œuvre d'un nouveau système de PRCO pour remplacer le système actuel. L'objectif visé est d'uniformiser les processus tout en y intégrant des pratiques exemplaires. Un important volet du PRCO, l'établissement de mesures de rendement, sera mis en œuvre en 2007-08.

FAIT La CCC a examiné son profil de risque pour se concentrer sur les projets de qualité et viser l'excellence dans ses pratiques de passation de contrats

L'HISTOIRE La CCC a mis au point un cadre de gestion des risques d'entreprise (GRE) et organisé des colloques de formation pour amener le personnel à participer à la gestion des risques

Suivant les recommandations de la vérificatrice générale, la CCC a procédé à l'analyse de ses processus de passation de contrats et de gestion des risques. Pour préserver sa réputation d'excellence en passation de contrats internationaux, elle a élaboré un profil de ses risques d'entreprise, ce qui l'a aidée à définir son cadre de GRE. Ce cadre a servi à formuler une nouvelle approche de gestion des risques à la CCC, qui comprend : un examen de la philosophie de la Corporation et de sa tolérance à l'égard du risque, la définition des rôles et des responsabilités, l'élaboration de processus et d'outils, et la formation de tout le personnel. La CCC continuera à aborder le risque en fonction des secteurs où elle est présente, tout en analysant continuellement, et en mettant à jour au besoin, son profil à l'égard du risque.

Gouvernance

Au cours de l'exercice 2006-07, les unités des services généraux ont eux aussi beaucoup progressé vers l'atteinte des objectifs stratégiques décrits dans le Plan d'entreprise 2006-07.

la Corporation.

La CCC vise aussi l'excellence dans ses processus d'affaires. Par exemple, elle examine soigneusement les résultats des vérifications et prend des mesures pour combler les lacunes. Ainsi, la CCC agit actuellement aux manquements identifiés grâce au Rapport d'examen spécial (2004) du Bureau du vérificateur général (BVG). Plus particulièrement, en 2006-07 la CCC a pris de nouvelles mesures pour renforcer ses méthodes de gestion des contrats, notamment en lançant une initiative d'amélioration des processus opérationnels.

En matière de politique environnementale, la CCC se conforme aux dispositions de la *Loi canadienne sur l'évaluation environnementale*. Lorsque les projets sont financés par l'emprunt ou par des organisations internationales comme la Banque mondiale, la Corporation se conforme aux indicateurs environnementaux de l'OCDE. La CCC poursuivra son examen des différents champs d'intérêt de la responsabilité sociale des entreprises en 2007-08.

La CCC aborde aussi plusieurs aspects de la gestion d'entreprise dans le cadre de sa stratégie de responsabilité sociale des entreprises (RSE). La Corporation a ajouté une disposition stipulant que la CCC se réserve le droit de révoquer un contrat si elle découvre que celui-ci a été obtenu par des moyens inéquitables, y compris les pots-de-vin. De plus, la CCC améliore constamment sa responsabilité interne et sa transparence. Par exemple, elle est en train d'instaurer un processus interne de divulgation des actes réprouvés afin de veiller au respect de la nouvelle *Loi sur la protection des fonctionnaires dénonciateurs*.

En outre, la CCC continue à se pencher sur la gestion des risques, un thème souligné dans le Rapport d'examen spécial du BVG. En 2006-07, le cadre de GRE approuvé par le conseil d'administration en 2005-06 a été mis en œuvre. Grâce à ce cadre, l'évaluation du risque fait partie intégrante du processus de passation de contrats, et le personnel reçoit périodiquement de la formation sur la reconnaissance et la gestion des risques.

FAIT La CCC aide le gouvernement du Canada à respecter ses priorités en matière de développement

L'HISTOIRE Le MAECI et la CCC signent un protocole d'entente

Les ministères fédéraux qui ont des engagements internationaux et qui sont chargés de fournir de l'aide au développement ont souvent besoin d'appui pour se procurer des biens et services destinés à une utilisation finale internationale. En suivant cette tendance, l'unité des MED a confirmé la proposition de valeur des services qu'elle offre au MAECI et signé un protocole d'entente qui lui assure un rôle de soutien à la passation de contrats de biens, de services et de matériel en réponse aux besoins des projets de développement prioritairement du Ministère dans le monde.

civile dans toute l'Asie du Sud-Est et pour la Mission de l'Union africaine au Soudan.

Rendement des services généraux par rapport aux objectifs

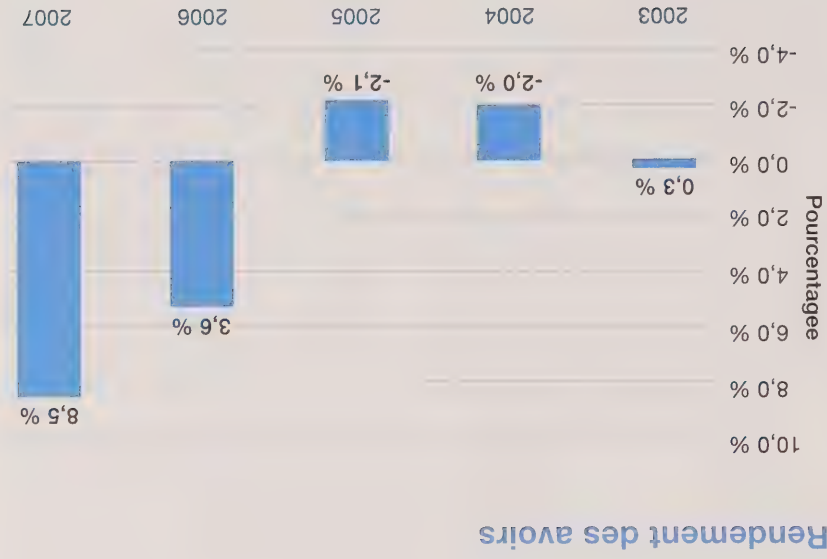
Pour atteindre les objectifs de la CCC, les unités opérationnelles ont reçu l'appui des services généraux de l'organisation. Un nouveau vice-président de la Stratégie et du développement organisationnel s'est ajouté

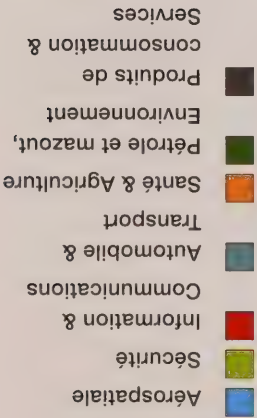
CCC compte atteindre plusieurs de ses objectifs : mieux connaître les besoins des clients, promouvoir ses services auprès des exportateurs canadiens et maximiser ses résultats opérationnels. Quant à l'unité des MED, cette initiative améliorera sa capacité de cibler sa clientèle et resserrera ses liens avec ses principaux partenaires afin de mieux servir les exportateurs canadiens.

On trouvera au tableau-synthèse à l'annexe B, les engagements de l'unité opérationnelle des Marchés émergents et en développement de la Corporation pour 2006-07 et de son rendement par rapport aux objectifs.

à l'équipe de direction. Il a déjà commencé à élaborer des pratiques de ressources humaines plus perfectionnées, à évaluer et à mettre en œuvre un nouveau système de planification des ressources de l'organisation (PRO) et à améliorer les processus opérationnels en fonction des besoins des unités opérationnelles. De plus, on a uni-formisé la formulation des politiques en créant une unité des politiques stratégiques, mieux équipée à communiquer la proposition de valeur de la CCC à son actionnaire, ses partenaires et ses clients au moyen de messages cohérents et de renseignements commerciaux détaillés.

L'unité opérationnelle Risque et finance a poursuivi la mise en œuvre du plan d'amélioration de la gestion financière, qui comporte trois grands volets : améliorer les principaux processus de communication de l'information financière et les principales mesures de contrôle interne; examiner et améliorer les systèmes d'information financière; et préciser la responsabilité et les processus entourant la gestion financière. Approuvé par le conseil d'administration en décembre 2005, le plan doit être entièrement mis en œuvre entre janvier 2006 et décembre 2007.





Nouvelles capacités requises

Enfin, la CCC s'était engagée à définir la synergie entre ses capacités, les services qu'elle offre et les besoins de ses clients pour renforcer ses relations de travail avec ses partenaires clés : l'ACDI, le MAECI et EDC.

La Corporation a honoré cet engagement en 2006-07 : elle a amélioré ses relations avec le MAECI en signant un protocole d'entente à long terme. Celui-ci fait en sorte que la CCC, le MAECI et d'autres ministères travaillent ensemble à fournir des services de passation de contrats internationaux à l'appui du Secrétariat du Groupe de travail sur la stabilisation et la reconstruction (GTSR) et du PARCA. Le protocole définit un cadre pour l'achat de biens, de services et de matériel auprès d'entreprises canadiennes à l'appui des engagements internationaux visant à fournir une aide en nature dans certaines régions du monde.

Durant l'exercice 2006-07, en vertu de ce protocole d'entente, la CCC a travaillé avec de nombreuses entreprises canadiennes et exécuté des contrats d'aide au développement pour la Police nationale afghane (PNA), pour des organismes nationaux de protection

les exportateurs canadiens qui souhaitent obtenir ou mettre en marche des contrats avec les administrations publiques de pays émergents et en développement.

Engagements en cours

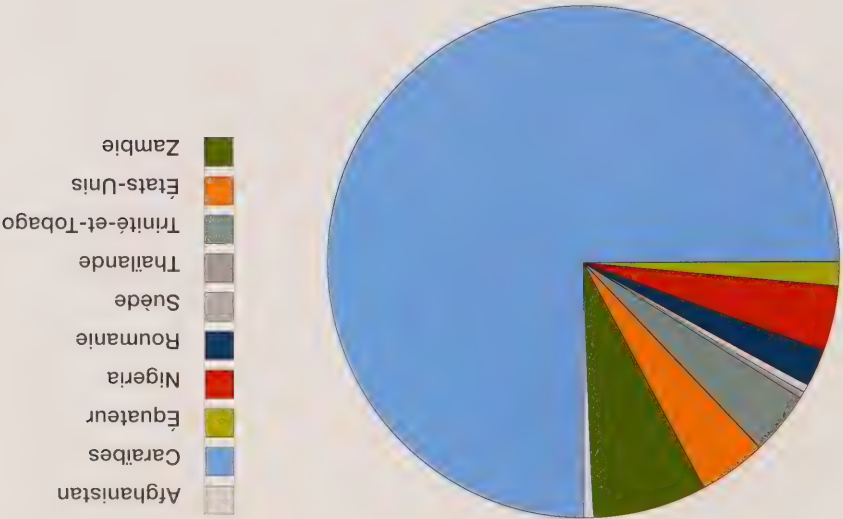
Tout au long de la mise en œuvre de son modèle opérationnel renouvelé en 2006-07, la Corporation s'est appliquée à maintenir les relations et les échanges commerciaux de longue date établis à la faveur de ses transactions de financement structurées. En outre, les décisions relatives au modèle opérationnel ont tenu compte avant toute autre chose de la présence sur les marchés et des avantages concurrentiels des exportateurs canadiens réguliers. Pour respecter ses engagements existants, la CCC a travaillé en étroite collaboration avec EDC et le ministère des Finances sur le mandat et le modèle opérationnel de la Corporation en matière de financement structuré. La CCC est heureuse de pouvoir affirmer qu'elle a maintenu

FAIT La CCC gère des projets d'infrastructure à grande échelle pour le compte d'acheteurs gouvernementaux étrangers

L'HISTOIRE

La CCC a signé un contrat de 413 M\$US pour la construction du nouvel aéroport international de Quito (Équateur)

La CCC est l'entrepreneur principal dans le cadre d'un contrat de gouvernement à gouvernement avec la CORPAQ, un organisme gouvernemental local, et elle aide AECON, une société de construction canadienne, pour la construction du nouvel aéroport international de Quito. Le rôle de la CCC consiste à garantir le respect des modalités du contrat et de l'échéancier du projet, ce qu'elle fait en appliquant un plan de suivi détaillé, en ayant un agent de liaison sur place et en effectuant des visites périodiques sur le terrain. La construction du nouvel aéroport international de Quito devrait être achevée en octobre 2010, soit 51 mois après le début des travaux le 12 juillet 2006.



Prénant appui sur son modèle opérationnel renouvelé, la CCC a réévalué ses projets d'ingénierie, d'approvisionnement et de construction (IAC) et ses projets d'ingénierie, d'approvisionnement, de construction et de gestion (IACG) en consultation avec le Programme de coopération industrielle (PCI) de l'ACDI, EDC et le MAECI afin de définir une stratégie opérationnelle viable et pertinente. Ainsi, la CCC a élaboré une nouvelle approche, fondée sur l'amélioration des relations avec ses partenaires clés. La CCC établira donc des liens systématiques avec les structures d'apport de fonds et de financement que les organismes d'aide au développement (comme l'ACDI) ou les organismes de crédit à l'exportation (comme EDC) mettent à la disposition des pays en développement.

En ce qui concerne l'ACDI, la CCC est bien placée pour travailler avec les clients du PCI, un programme de par-

FAIT La CCC a créé l'unité opérationnelle des Marchés émergents et en développement

L'HISTOIRE Les MED se regroupent pour répondre aux futurs besoins opérationnels

L'unité des MED a consolidé ses activités de base et validé sa proposition de valeur auprès des exportateurs canadiens et des acheteurs gouvernementaux étrangers au moyen d'un programme de promotion ciblé. Des équipes interfonctionnelles ont été créées pour discuter de divers enjeux touchant les activités, ainsi que des plans d'action établis et mis en œuvre. On a mis l'accent sur les besoins des clients, la stratégie de tarification, les buts, le mandat, la gestion du savoir, les services, les communications et les catalyseurs opérationnels. L'exercice de « mission et vision » a canalisé l'énergie du groupe vers la clientèle cible par l'établissement d'une proposition de valeur et par l'élaboration et la mise en œuvre d'une stratégie de promotion intégrée.

offert au démarrage et à l'achèvement des projets; entre les deux, la CCC peut jouer le rôle d'entrepreneur principal (pour compléter l'action du PCI) et aider les compagnies canadiennes qui souhaitent entreprendre des projets d'infrastructure dans des pays en développement.

À titre d'exemple, en 2006-07, la CCC a collaboré avec Brunet, Lebel, Léger & Associés (BLL) et la Ville de Cuenca, en Equateur, dans le cadre d'une étude de faisabilité pour un système cadastre. L'étude était financée en partie par le PCI de l'ACDI. Il en est résulté un protocole d'entente entre la CCC et la Ville de Cuenca pour la coordination d'un contrat de mise en œuvre avec DMR, filiale de consultation de Fujitsu Consulting (Canada) Inc., en partenariat avec BLL.

Avec EDC, la CCC s'est surtout efforcée de relier ses options de services de passation de contrats et d'approvisionnement de gouvernement financiers et d'assurance d'EDC, dans l'intérêt des exportateurs canadiens. Des missions conjointes EDC-CCC en Asie, en Afrique et dans les Caraïbes se sont avérées des outils très utiles pour

On y est parvenu en rationalisant le travail effectuée par TPSCG au nom de la CCC et en clarifiant les rôles et responsabilités des deux organismes. On trouvera au tableau-synthèse à l'annexe A, les engagements de l'unité opérationnelle de la Défense de la Corporation pour 2006-07 et de son rendement par rapport aux objectifs.

Rendement par rapport aux objectifs : Unité opérationnelle des Marchés émergents et en développement

L'exercice 2006-07 a été une année charnière pour l'unité opérationnelle des Marchés émergents et en développement. Celle-ci a généré un chiffre d'affaires de près de 50 M\$ tout en se restructurant complètement afin d'améliorer sa stratégie et de maximiser les avantages qu'elle offre aux exportateurs canadiens. L'unité opérationnelle des MED a œuvré avec des exportateurs canadiens pour distribuer l'aide humanitaire et d'autres types d'appui dans 12 pays.

Tout comme l'unité opérationnelle de la Défense, l'unité des MED s'articule maintenant autour de trois secteurs d'activité : Détermination et présélection des possibilités, Structuration et certification des contrats, et Gestion des contrats.

L'unité opérationnelle

En 2006-07, la Corporation s'est engagée à créer et à mettre en œuvre des modèles opérationnels et des stratégies viables afin d'aider les exportateurs canadiens à obtenir plus de contrats sur les marchés des pays émergents et en développement. Un exercice de « mission et vision » a donné lieu à un plan quinquennal qui a établi les objectifs généraux, les priorités stratégiques et l'échéancier de mise en œuvre d'un vaste éventail d'activités.

respectent les exigences de rendement et sont assurés dans les délais et les budgets prévus.

Dans le cadre de ses activités de promotion externes, la CCC a travaillé en étroite collaboration avec le Service des délégués commerciaux (SDC) du MABCI à Ottawa, Washington, Los Angeles, Denver, Detroit et Dallas. Cette collaboration a porté fruit lors d'une réunion de la CCC organisée par le MABCI dans le cadre du Space Symposium de Colorado Springs en avril 2006, qui a donné lieu à un contrat de 3 M\$ entre la NASA, la CCC et l'organisme NORCAT.

Exploiter des relations au-delà du marché du DoD américain

Le troisième objectif pour 2006-07 était d'exploiter des relations au-delà du marché du DoD américain. Le but était de conclure un accord avec la DSCA, aux États-Unis, puis de miser sur cette relation pour faciliter l'accès au programme américain de ventes militaires à l'étranger.

La Corporation a atteint cet objectif, comme en témoigne l'accord de principe conclu avec la DSCA. L'accord est en cours de révision, car on veut déterminer la proposition réelle de la CCC en matière de valeurs, la nature des services requis pour les ventes militaires à l'étranger et la façon dont l'accord sera structuré. En 2007-08, la Corporation entend consolider et officialiser ses liens avec la DSCA afin d'offrir aux exportateurs canadiens de plus nombreux débouchés à l'étranger et de renforcer la contribution du Canada au complexe industriel nord-américain de la défense.

Rentabilité

Le dernier objectif de l'unité opérationnelle de la Défense en 2006-07 était d'accroître sa rentabilité en travaillant de concert avec TPSCG pour offrir aux exportateurs canadiens des services de soutien contractuel plus efficaces.

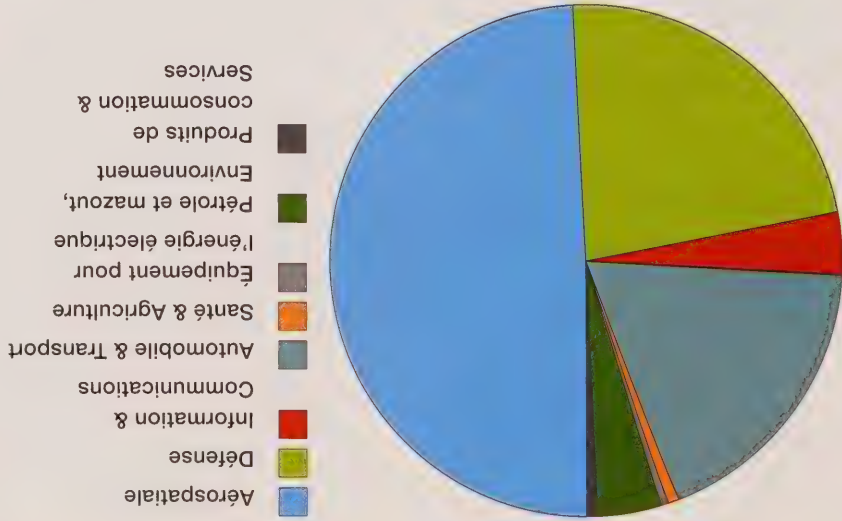
le MDN au renouvellement de l'accord d'approvisionnement militaire réciproque entre le Canada et les États-Unis à la faveur de discussions dirigées par le Directeur général programmes internationaux et industriels (DGPII) de la Défense nationale. Depuis le début de 2006, les représentants du MDN et du DoD américain étudient les avantages mutuels d'établir un protocole d'entente bilatéral sur l'approvisionnement militaire réciproque. Un tel protocole pourrait préparer la voie à d'autres débouchés pour les exportateurs canadiens du secteur de la défense.

Adopter une stratégie proactive aux États-Unis

Un autre objectif de l'unité opérationnelle de la Défense en 2006-07 était d'adopter une stratégie plus proactive envers les États-Unis. Ainsi, la CCC devait élaborer une approche vis-à-vis des principaux entrepreneurs américains afin de renforcer davantage DSCA, aux États-Unis, puis de miser sur cette relation pour faciliter l'accès au programme américain de ventes militaires à l'étranger. La Corporation a atteint cet objectif. La stratégie en est encore à l'étape de l'élaboration, mais la CCC a signé deux contrats importants avec des principaux entrepreneurs américains pour l'installation de nouvelles ailes sur des avions Lockheed Martin. En tout, ces contrats représentent un chiffre d'affaires d'environ 170 M\$.

En 2007-08, la CCC entend miser sur ses liens avec les principaux entrepreneurs américains en faisant un meilleur usage du réseau du MDN. On continuera à mettre l'accent sur l'amélioration du partenariat avec la Défense nationale et sur l'optimisation de ce partenariat pour aider les exportateurs canadiens à obtenir un meilleur accès au marché de la défense des États-Unis. La CCC entretient par exemple d'excellentes relations avec la Defense Contract Management Agency (DCMA), l'agence du DoD qui travaille directement avec les fournisseurs du secteur de la défense, pour s'assurer que les approvisionnements et les services

Défense 2006-07 Chiffre d'affaires par groupe sectoriel



Au fil de son travail avec des clients comme ceux-ci, la CCC a acquis une connaissance intime du marché canadien de la défense. Elle est donc toujours à l'affût de possibilités pour les exportateurs canadiens et s'est servie de ses relations uniques avec d'autres gouvernements pour les aider. Cette année, par exemple, la CCC a utilisé son expertise en matière de passation de contrats et sa relation avec le gouvernement des États-Unis pour améliorer les modalités d'un contrat entre le DoD américain et Oceanworks, une entreprise canadienne de Vancouver (Colombie-Britannique). La CCC a réussi à renforcer le contrat et à élargir des options qui convenaient aux deux parties.

En 2007-08, la Corporation entend développer encore davantage des relations sophistiquées avec ses partenaires. La CCC continuera à faire profiter les exportateurs canadiens des liens solides qui existent entre le MDN et les forces étrangères qui partagent les mêmes vues. Par exemple, elle travaille avec

FAIT La CCC aide des forces alliées à localiser des biens et services canadiens

L'HISTOIRE Le programme de prolongation de la vie des aéronefs C-130E de l'Aviation royale norvégienne

Quand l'Aviation royale norvégienne a eu besoin de pièces et de services de remise en état pour ses aéronefs C-130E, elle a demandé à la CCC de lui servir d'agent d'approvisionnement pour la remise à neuf de quatre avions par L-3 SPAR Aerospace Ltd. à Edmonton, en Alberta. Si le gouvernement norvégien a préféré cette méthode, c'est que la CCC peut compter sur les pratiques et les capacités canadiennes de passation de contrats pour accélérer le processus d'achat et soutenir les capacités d'approvisionnement de la Norvège. En répondant aux besoins d'une force alliée, la CCC a contribué à renforcer les relations internationales au profit des exportateurs canadiens.

En application de l'accord sur le partage de la production de défense (APPD) entre le Canada et les États-Unis, la CCC oeuvre à l'approvisionnement du DoD en marchandises canadiennes. Dans le cadre de l'accord, les fournisseurs canadiens peuvent consulter les perspectives d'achat du DoD, ce qui les met sur un pied d'égalité avec leurs homologues américains. Pour mieux faire connaître les possibilités de s'approvisionner au Canada et les capacités précises des fournisseurs canadiens, la CCC s'est associée à la Defense Acquisition University (DAU) pour offrir un cours en ligne aux agents d'approvisionnement du DoD. Résultats : ceux-ci s'intéressent davantage aux capacités canadiennes du secteur de la défense, et les exportateurs canadiens ont davantage de débouchés. En 2006-07, la CCC a mené plus de 1 800 activités de passation de contrats avec le DoD américain, en comptant les nouveaux contrats et les avenants visant à ajouter des biens ou des services.

La CCC agit aussi à titre d'intermédiaire pour les forces alliées qui souhaitent acheter de la technologie canadienne. En 2006-07, la CCC a travaillé avec le gouvernement norvégien dans le cadre

La CCC a très bien réussi à accroître la valeur des services qu'elle fournit aux ministères de la Défense du Canada et des États-Unis. Elle a renforcé ses liens avec le MDN, notamment en nommant le sous-ministre adjoint (Matériels) du Ministère au conseil d'administration de la Corporation en octobre 2006. Ce geste rapproche les deux organismes et devrait permettre à la CCC, grâce au réseau international du MDN, de mieux connaître les besoins des alliés du Canada en matière d'équipement de défense.

À titre d'exemple, en 2006-07, la CCC a collaboré avec le gouvernement norvégien dans le cadre d'un contrat d'approvisionnement de 95 M\$US avec Lockheed Martin pour la livraison d'ailes d'atrones P3. Le contrat a été facilité par les liens entre la CCC et le MDN, qui ont permis à la Corporation de repérer le besoin du gouvernement norvégien et de lui proposer une solution efficace et efficiente.

Toujours pour accroître la valeur de ses services aux clients, l'unité de la Défense consolide son partenariat d'approvisionnement avec le DoD américain. En particulier, elle se fait connaître auprès de la DSCA, des principaux responsables des achats, ainsi que des centres et des conseils d'approvisionnement comme la Senior Executive Partnership Round Table et la Strategic Supplier Alliance.

dont les Pays-Bas et la Norvège, deux alliés importants du Canada.

L'unité opérationnelle de la Défense a aussi connu d'importants changements organisationnels en 2006-07. Elle est maintenant divisée en trois parties : Détermination et présélection des possibilités, Structuration et certification des contrats, et Gestion des contrats.

Valeur pour les clients

L'accroissement de la valeur pour les clients était l'un des principaux objectifs de l'unité opérationnelle de la Défense en 2006-07. Plus précisément, la Corporation s'était engagée à renforcer ses relations avec ses partenaires clés dans le domaine de la défense afin d'accroître les débouchés pour les exportateurs canadiens. Le secteur d'activité de la Défense de la CCC compte en général trois groupes de clients : les ministères de la Défense du Canada et des États-Unis, les forces alliées, et les exportateurs canadiens.

Rendement par rapport

aux objectifs : Unité opérationnelle de la Défense

2006-07 de la CCC a esquisé quatre objectifs stratégiques pour l'ensemble de l'organisation : assurer une gouvernance exemplaire de l'organisme; créer un milieu propice à un personnel très motivé et très compétent; établir des partenariats efficaces; et mettre en œuvre des processus opérationnels bien établis et des mesures de rendement significatives.

L'exercice financier 2006-07 a été fructueux pour l'unité opérationnelle de la Défense, qui a réalisé un chiffre d'affaires considérable de 1,1 milliard de dollars. Comme les années précédentes, les activités commerciales de la Défense ont découlé des ventes à son client de longue date, le DoD américain. En outre, l'unité opérationnelle a aussi été active dans 13 autres pays,

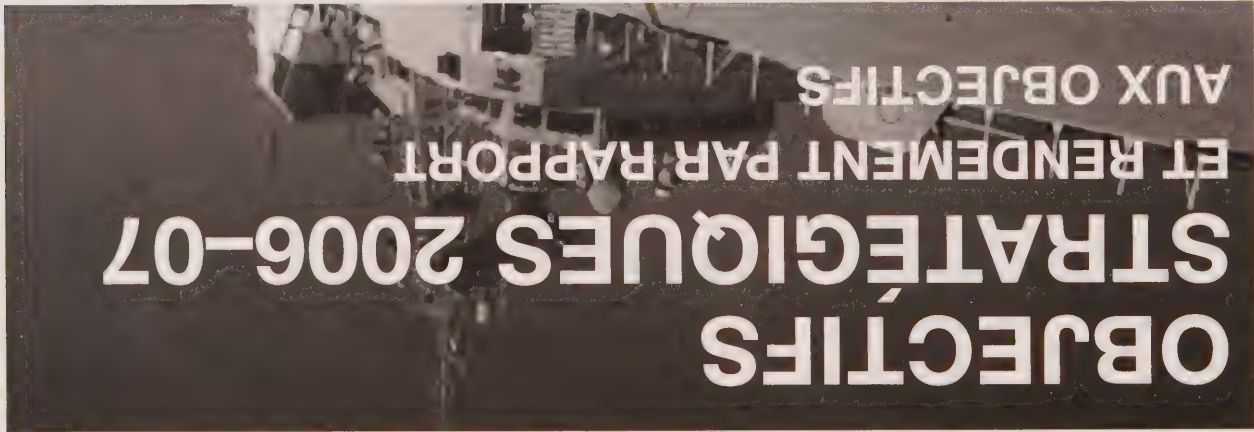
FAIT Dans le cadre de sa stratégie de promotion avec le

DoD américain, la CCC collabore avec la Défense

Acquisition University (DAU)

L'HISTOIRE La DAU offre un cours sur la passation de contrats avec des entreprises canadiennes

Les agents de négociation des contrats du DoD américain ont accès à un module appelé « Contracting with Canadian Companies » sur le campus virtuel de la DAU. Plus de 50 000 professionnels de l'approvisionnement ont maintenant accès à ce didacticiel en ligne, qui enseigne les politiques et les procédures à respecter lorsqu'on transige avec les entreprises canadiennes. En suivant le cours, élaboré avec la collaboration de la CCC, les agents de négociation des contrats apprendront que la passation de contrats avec des entreprises canadiennes est une solution appropriée, efficace et efficiente. Le didacticiel a été lancé lors de la réception annuelle organisée conjointement avec TPSGC à l'ambassade du Canada à Washington D.C.



OBJECTIFS ET RENDEMENT PAR RAPPORT AUX OBJECTIFS 2006-07

La CCC fonctionne en étroite collaboration avec les exportateurs canadiens, les ministères du gouvernement et les acheteurs gouvernementaux étrangers.

Son modèle opérationnel renouvelé,

pleinement appuyé par l'actionnaire et

le conseil d'administration, se concentre

dans les régions et sur les partenaires

que la CCC peut réellement aider. Pour

les gouvernements étrangers, la CCC a

l'avantage de faire partie du gouverne-

ment du Canada, un partenaire fiable et

digne de foi. De même, pour les expor-

tateurs canadiens, la CCC peut les aider

à saisir des occasions d'affaires sur les

marchés internationaux grâce aux liens

qui existent entre le gouvernement du

Canada et les gouvernements étrangers.

Cette année, la CCC a travaillé avec ses

partenaires dans 25 pays et a atteint un

chiffre d'affaires total de 1,2 milliard

de dollars.

En 2005-06, la Corporation était con-

sacrée à mieux harmoniser sa struc-

ture avec son mandat fondamental et

son rôle d'intérêt public. Au début de

2006-07, la direction de la CCC s'est

rendu compte que pour harmoniser

sa stratégie commerciale avec son

mandat, elle devait repenser son fonc-

tionnement. C'est pourquoi le Plan

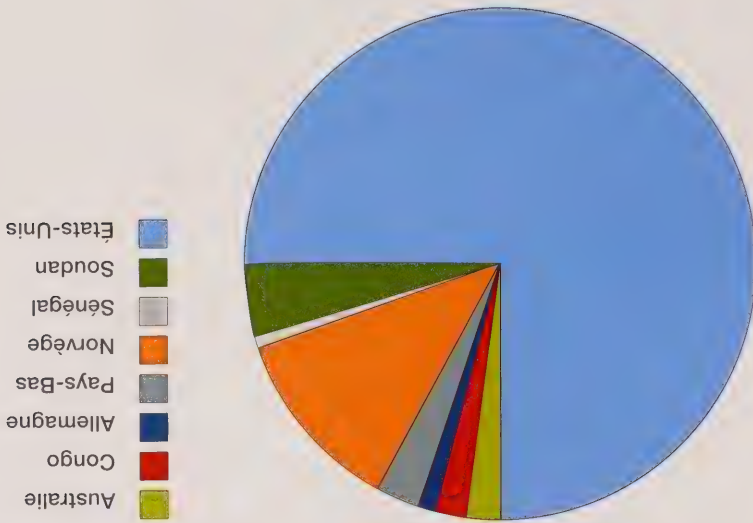
d'entreprise 2006-07 à 2010-11 fait état

d'un vaste programme de restructura-

tion et de la création de deux secteurs

d'activité : l'unité opérationnelle de la

Défense 2006-07 Chiffre d'affaires par pays



Défense, et l'unité opérationnelle des Marchés émergents et en développement (MED). On y établit les objectifs stratégiques de chaque unité en fonction de la croissance à long terme du commerce international. À l'appui des unités opérationnelles, on renforce les services généraux pour améliorer la gestion des ressources humaines, des processus et des systèmes de la CCC.

Le Plan d'entreprise 2006-07 de la CCC a défini des objectifs stratégiques pour chaque unité opérationnelle. Pour la Défense, il y avait quatre objectifs : accroître la valeur pour les clients; accroître la rentabilité. Pour les MED, les quatre objectifs stratégiques sont les suivants : reconceptualiser l'unité opérationnelle; repositionner les affaires en cours; gérer les engagements existants; et définir les nouvelles capacités requises. Enfin, le Plan d'entreprise

Présences aux réunions du conseil d'administration* :

Administrateurs	avril 2006	juin 2006	octobre 2006	décembre 2006
Alan Curreigh (président du conseil)	X	X	X	X
John Duffy	X	X	absent	X
Andrew Saxton	X	X	X	X
Norman Turnbull	X	X	X	X
Peter Wright	X	X	X	X
David Stapley	X	absent	X	X
Martine Corriveau-Gougeon	X	X	X	X
Ken Sunquist	X	X	X	X
Dan Ross	s/o	s/o	s/o	X
John McBride (chef de la direction)	X	X	X	X

* En 2006-07, il y avait un siège vacant au conseil d'administration de la CCC

Au 31 mars 2007

international dans les secteurs où une intervention gouvernementale est nécessaire » [traduction]. Pour atteindre cet objectif, la CCC fait appel à ses relations uniques et à son expertise en matière de passation de contrats internationaux. Le Plan d'entreprise de la CCC 2007-08 définit les six objectifs stratégiques suivants pour 2007-08 :

>> Travailler encore plus étroitement avec le MAECI, EDC, le MDN et l'ACDI à l'élaboration de partenariats plus sophistiqués pour mieux servir les exportateurs canadiens et augmenter le commerce international du Canada.

>> Renforcer et officialiser la relation avec la Défense Security Cooperation Agency (DSCA) pour pouvoir fournir aux exportateurs canadiens davantage de possibilités d'affaires à l'étranger et encourager la contribution canadienne au complexe industriel du secteur de la défense en Amérique du Nord.

>> Travailler en collaboration plus étroite avec le MDN pour repérer davantage de possibilités d'approvisionnement conjoint afin d'augmenter les ventes liées aux exportations canadiennes et de réduire le coût des équipements militaires pour le gouvernement du Canada.

>> Travailler avec EDC pour relever et poursuivre des occasions d'affaires pour les exportateurs canadiens en Asie, où EDC fournit déjà du financement aux acheteurs publics étrangers.

>> Collaborer avec EDC à favoriser des opérations canadiennes additionnelles dans les Caraïbes.

>> Travailler avec l'ACDI à repérer les marchés et les occasions d'affaires pour les entreprises canadiennes qui exportent en Afrique et en Amérique latine.

Pratiques de gouvernance

>> Mettre en œuvre un nouveau système de PRO.

>> La CCC a des normes de gouvernance très strictes. Le conseil d'administration a soigneusement étudié les lignes directrices figurant dans le *Cadre de gouvernance des sociétés d'État du Canada* et respecte entièrement toutes les mesures pertinentes qui s'appliquent à la Corporation.

En outre, la CCC poursuivra trois objectifs généraux en 2007-08 :

>> Miser sur le cadre de GRE introduit en 2005-06 en améliorant les processus opérationnels.

>> Améliorer les pratiques de gestion des contrats, et

Composition des comités :

Administrateurs	Vérification	CIC	Gouvernance	RH	PRO
Alan Curreigh (président du conseil)		X	membre de droit	membre de droit	
John Duffy*	président				
Andrew Saxton	X		X		X
Norman Turnbull**	X (nouveau président)		X		président
Peter Wright			président		
David Stapley				président	X
Martine Corriveau-Gougeon	X (nouveau membre)	présidente		X	X
Ken Sunquist		X			
Dan Ross***		X			X
John McBride (chef de la direction)			membre de droit	membre de droit	

Au 31 mars 2007

* John Duffy a démissionné du conseil d'administration le 26 mars 2007
 ** Norman Turnbull a été nommé président du Comité de vérification en mars 2007
 *** Dan Ross a été nommé au conseil d'administration en octobre 2006

Le conseil d'administration fournit des indications et des orientations à l'équipe de direction de la CCC et établit la direction stratégique de la Corporation.

examens spéciaux et les vérifications internes. Le vérificateur interne et les représentants du Bureau du vérificateur général du Canada assistent aux réunions du Comité.

>> Le Comité des initiatives commerciales (CIC) supervise les activités d'approvisionnement et de passation de contrats internes aux niveaux de la Corporation. Afin de rencontrer cette responsabilité, le Comité s'engage à :

- Examiner et en approuver tous les nouveaux produits et secteurs d'activité proposés par la Corporation.

- Valider périodiquement la pertinence des processus décisionnels qui sous-tendent les activités commerciales entreprises par les unités fonctionnelles. Il confirme aussi le caractère efficace, professionnel et exhaustif des décisions commerciales dans ces secteurs, avec l'identification et la gestion adéquate des risques attendants.

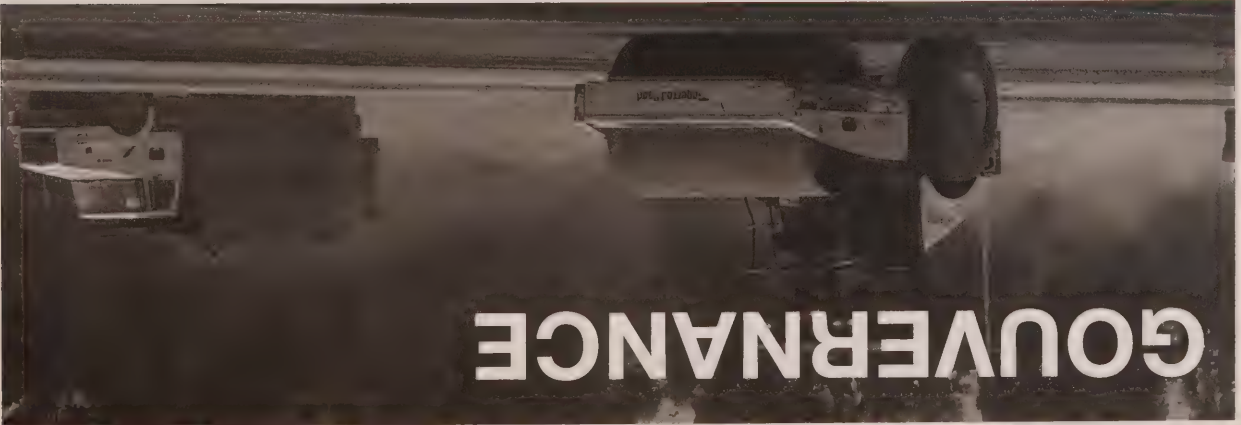
>> Le Comité de gouvernance élabore et met en œuvre des pratiques et procédures efficaces pour permettre au conseil d'administration et à la Corporation de souscrire à des normes élevées en matière de gouvernance.

>> Le Comité des ressources humaines (RH) est chargé de trouver et de recommander des candidats pour les postes de président du conseil, d'administrateur et de président. Il examine également, avec le président du conseil, le rendement du président, et il étudie les candidatures et recommande la nomination des dirigeants de la Corporation, en plus de voir aux questions de rémunération.

Orientation stratégique pour 2007-08

>> Le Groupe de travail sur le système de planification des ressources de l'organisation (PRO) supervise la sélection et la mise en œuvre du PRO. Il conseille la direction, surtout en ce qui concerne la définition du projet et l'évaluation de l'analyse et du travail effectué à ce jour, et soumet des recommandations au conseil d'administration.

En décembre 2006, le conseil d'administration a approuvé le Plan d'entreprise de la CCC et établi l'orientation stratégique de la Corporation conformément à l'énoncé ministériel des priorités et des responsabilités de la CCC publié en 2006. L'objectif général est demeuré le même, soit d'« accroître les exportations canadiennes grâce à l'approvisionnement



GOUVERNANCE

La CCC est une société d'Etat en vertu de l'annexe III, partie I, de la Loi sur la gestion des finances publiques (LGFP) et une propriété exclusive du gouvernement du Canada et rend compte au Parlement par le biais du ministre du Commerce international.

La CCC est régie par un conseil d'administration, qui est responsable des activités de la Corporation. Le conseil exerce ses responsabilités conformément aux dispositions générales de la partie X de la LGFP et aux dispositions de la Loi sur la Corporation commerciale canadienne. Sa structure de responsabilisation, bien établie, est renforcée par des mesures de suivi de la gestion financière, de production de rapports et de vérification du rendement. La Corporation est assujettie à la Loi sur l'accès à l'information.

Mandat et rôle d'intérêt public

du conseil

Le conseil d'administration fournit des indications et des orientations à l'équipe de direction de la CCC et établit la direction stratégique de la Corporation. Il se compose du président du conseil, du président de la Corporation et de neuf administrateurs nommés par le ministre du Commerce international avec l'approbation du gouverneur en conseil. Le conseil d'administration approuve le plan d'entreprise quinquennal et le rapport annuel, lesquels sont tous les deux déposés au Parlement. Il se réunit au besoin (en général sur une base trimestrielle) pour examiner les activités

La gestion des risques est encore un aspect sur lequel le conseil d'administration concentre ses efforts. Bien que la CCC respecte déjà les directives d'analyse des risques liées aux contrats, elle s'est engagée à renforcer son cadre stratégique de gestion des risques par la mise en œuvre d'un mécanisme de gestion des risques d'entreprise, ceci afin de définir et de hiérarchiser systématiquement les risques auxquels elle s'expose, puis de répartir ses ressources en conséquence. À cet égard, la CCC en est à la deuxième année de mise en œuvre d'un programme de gestion des risques d'entreprise (GRE). Pendant la première phase, qui a fait l'objet d'une participation et d'un soutien importants de la part du conseil d'administration, on a élaboré le cadre global de GRE. On a mis à jour

les déclarations relatives à la tolérance du risque et à la propension à prendre des risques et défini les structures d'entreprise en place pour la gestion des risques. La deuxième phase, achevée en 2006-07, a consisté à recueillir des données sur le risque auprès des unités opérationnelles, puis à les regrouper. Ces données permettront de mieux gérer les risques lors de l'élaboration des objectifs stratégiques. Enfin, la Corporation s'assure que le programme de GRE est dûment mis à jour et que des améliorations continues liées à la gestion du risque sont appliquées à l'échelle de la Corporation.

Mandats, activités et composition des comités du conseil

Le conseil d'administration de la CCC est dirigé par un président indépendant de la direction de la Corporation, qui exerce ses fonctions de supervision de concert avec les principaux comités du conseil (voir ci-après). Les tableaux des pages sept et huit décrivent la composition des comités et les présences aux réunions.

>> **Le Comité de vérification** s'assure principalement de l'efficacité des pratiques de gestion financière et de risques, de l'établissement de rapports adéquats et précis, et des fonctions de vérification consistent à superviser les vérifications annuelles, les

Message du président de la Corporation

L'exercice 2006-07 a été fructueux à la Corporation commerciale canadienne. Grâce à notre santé financière et à notre orientation stratégique renouvelée, nous avons fait de grands progrès dont nous voyons la preuve concrète dans les résultats de fin d'exercice. Pour ce qui est de l'amélioration de notre valeur ajoutée par des partenariats renforcés, nous avons franchi des étapes importantes avec nos principaux partenaires, le MAECI, EDC et le MDN, ce qui a donné des ententes spécifiques qui auront un impact positif sur nos revenus.

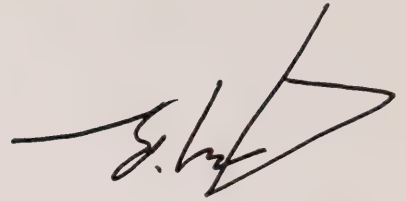
Nous avons atteint les objectifs stratégiques de la Corporation grâce à une structure interne renforcée qui reflète notre rôle d'intérêt public bien défini : favoriser l'expansion du commerce entre le Canada et les pays étrangers dans les secteurs où le gouvernement a clairement un rôle à jouer. Notre démarche consiste à tisser continuellement des relations uniques et à maintenir notre expertise en passation de contrats internationaux afin d'appuyer les exportateurs canadiens.

Pour continuer à offrir d'excellents services aux exportateurs canadiens, nous nous sommes penchés sur nos processus d'affaires, nos pratiques et nos systèmes internes. Nous avons fait beaucoup de travail pour définir nos besoins en systèmes d'information et pour amener plus de rigueur dans nos processus opérationnels. La mise en œuvre de tout cela sera une de nos grandes priorités en 2007-08.

Je suis aussi très fier de l'apport de la CCC aux objectifs stratégiques du gouvernement du Canada. La CCC a concrètement aidé les exportateurs canadiens dans leurs démarches et les gouvernements étrangers à avoir accès aux solutions canadiennes. C'est en raison de l'excellence de ses services de passation de contrats et d'approvisionnement, par exemple, que la CCC a été invitée à contribuer à l'action canadienne pour promouvoir la paix au Soudan. La CCC a aussi apporté une contribution tangible aux efforts de stabilisation et de reconstruction en Afghanistan en organisant et en assurant la livraison de matériel à la Police nationale afghane. Le dévouement et le professionnalisme du personnel de la CCC ont été indispensables.

Plus qu'à tout autre moment depuis que je me suis joint à la Corporation il y a deux ans, j'entrevois l'avenir de la CCC avec confiance et j'ai hâte de commencer à bâtir sur nos solides assises au cours de l'année à venir.

Président,



John McBride





Message du président du conseil

L'approche stratégique de la CCC à l'égard de ses activités commerciales, pleinement appuyée par son conseil d'administration, mise sur les liens étroits qui existent déjà entre le gouvernement du Canada et les gouvernements étrangers pour en faire profiter les exportateurs canadiens. J'ai le plaisir d'annoncer que la CCC a fait des progrès remarquables vers l'adoption de ce modèle opérationnel renouvelé.

L'approche stratégique renouvelée a donné des résultats impressionnants. La Corporation a été présente dans plus de 25 pays, où elle s'est associée à des partenaires gouvernementaux et des clients d'une importance critique. La CCC a réalisé son excédent d'exploitation le plus élevé des 15 dernières années. Tout cela a été rendu possible grâce au travail acharné de ses cadres et de ses employés, que je tiens à féliciter au nom du conseil. Pour couronner le tout, je suis ravi de la nomination du sous-ministre adjoint aux Matériels du ministère de la Défense nationale, Dan Ross, dont les vastes connaissances de l'approvisionnement militaire seront un atout précieux dans les relations de la CCC avec le MDN. Par ailleurs, je souhaite la bienvenue au sein de l'équipe de direction au nouveau vice-président de la Stratégie et du développement organisationnel, Marc Whittingham, un cadre chevronné qui renforcera les politiques et la planification stratégiques, les communications et les services intégrés à la CCC.

Sans aucun doute, un conseil fort donne le ton dans une entreprise; or, la CCC est dotée d'un conseil parfaitement en mesure de s'assurer que celle-ci s'acquitte de son mandat. Les administrateurs proviennent de toutes les régions du Canada, des secteurs public et privé, et de domaines divers. Leur expérience rehausse le niveau des débats et les processus décisionnels aux réunions. En outre, un exercice annuel d'examen par les pairs et d'auto-évaluation du conseil et de chaque administrateur renforce encore davantage la bonne gouvernance de la Corporation et aide le conseil à faire un meilleur travail. Je suis heureux de pouvoir dire que le processus d'évaluation, qui en est déjà à sa troisième année, porte fruit.

Le conseil d'administration a pris part à l'élaboration du Plan d'entreprise, un outil essentiel pour communiquer la stratégie de la CCC à ses partenaires clés, ses clients et à la population canadienne. L'actionnaire de la CCC appuie pleinement l'approche stratégique renouvelée de la Corporation, ainsi que la restructuration qui s'en est suivie. Par le passé, ceci a aidé, et continuera à aider, les exportateurs canadiens à saisir davantage d'occasions d'affaires à l'étranger.

Le conseil d'administration est persuadé que l'on prend les mesures qui s'imposent pour donner à la clientèle diversifiée de la CCC les outils nécessaires pour réussir sur les marchés internationaux les plus complexes.

Président du conseil,
Alan Curleigh



>> Un excédent d'exploitation de 3,5 M\$.

>> Un niveau record de frais pour un total de 8,5 M\$.

>> Des protocoles d'entente ont été conclus avec des partenaires clés :

- Des initiatives stratégiques avec le ministère des Affaires étrangères et du Commerce international (MAECI) pour rejoindre les entreprises canadiennes dans plusieurs régions du Canada.

- Des initiatives stratégiques avec le MAECI à l'appui du Fonds pour la paix et la sécurité dans le monde (FPSM) et du Programme d'aide au renforcement des capacités antiterroristes (PARCA) dans les États fragiles et les zones de conflit.

- Des initiatives conjointes d'expansion des affaires et de partage d'information avec Exportation et développement Canada (EDC) et le MAECI afin de créer des solutions uniformes pour appuyer les exportateurs et investisseurs canadiens.

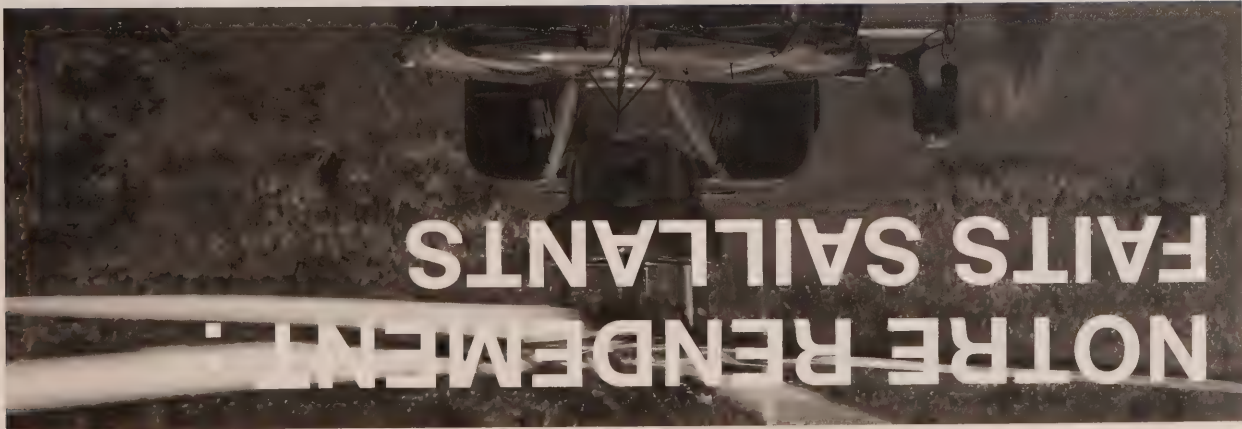
- Le prix de la Campagne de charité en milieu de travail du Gouvernement du Canada (CCMTGC) pour les retenues à la source (97 % des sommes recueillies par les employés de la CCC pour Centralde ont été des dons retenus à la source).

>> Le sous-ministre adjoint (Matériels) du ministère de la Défense nationale (MDN) a été nommé au conseil d'administration de la CCC, ce qui aidera les exportateurs canadiens sur les marchés de la défense à se tenir au courant des perspectives d'achat des gouvernements alliés, en plus de faciliter les maillages et de coordonner l'action du MDN et de la CCC.

>> La CCC a été lauréate de deux prix du gouvernement fédéral :

Poursuivant dans cette voie, la Corporation entend continuer à améliorer sa collaboration avec ses partenaires au sein du portefeuille du commerce international (EDC et le MAECI), ainsi qu'avec les autres ministères ayant une vocation internationale (le MDN et l'Agence canadienne de développement international [ACDI] tout particulièrement). Ainsi, les exportateurs canadiens continueront à recevoir les excellents services spécialisés de la CCC en matière de passation de contrats et d'approvisionnement pour leurs transactions d'exportation avec les secteurs publics complexes à l'étranger.

- Le Prix d'excellence collective du Conseil du Trésor pour l'élaboration de services à la clientèle en ligne.



Le travail de la Corporation commerciale canadienne est guidé par son mandat, qui est de favoriser l'expansion du commerce entre le Canada et les pays étrangers dans les domaines où le gouvernement fédéral a clairement un rôle à jouer.

Cela fait de la CCC un partenaire clé dans la promotion et le développement du commerce international du Canada.

L'exercice financier 2006-07 a été excellent pour la CCC. Après avoir clarifié son mandat, la Corporation a restructuré ses activités commerciales pour cibler plus stratégiquement les exportateurs canadiens et les acheteurs gouvernementaux étrangers. La CCC a travaillé avec les exportateurs canadiens avec une détermination renouvelée. Ceci a eu comme résultat une augmentation des contrats internationaux et un excédent d'exploitation le plus élevé des dernières années. De toute évidence, la nouvelle stratégie a porté fruit.

La CCC fonctionne en étroite collaboration avec les exportateurs canadiens, les ministères du gouvernement et les acheteurs gouvernementaux étrangers. Son modèle opérationnel renouvelé, pleinement appuyé par le conseil d'administration et l'actionnaire de la Corporation (le gouvernement du Canada), se concentre dans les régions et sur les partenaires que la CCC peut réellement aider. Pour les gouvernements étrangers, la CCC a l'avantage de faire partie du gouvernement du Canada, un partenaire fiable et digne

de foi. De même, pour les exportateurs canadiens, la CCC peut aider à faire avancer des projets commerciaux grâce aux liens de gouvernement à gouvernement entre le Canada et l'étranger. Cette année, la CCC a travaillé dans 25 pays avec des exportateurs canadiens avec un chiffre d'affaires total de 1,2 milliard de dollars.

Voici la liste des plus importantes réalisations de la Corporation en 2006-07 :

>> La CCC a travaillé avec 197 exportateurs canadiens sur les marchés de la défense et des pays émergents et en développement.

>> 76 % des nouvelles commandes en 2006-07 proviennent des États-Unis, ce qui a contribué à renforcer un complexe industriel de la défense nord-américain intégré.

>> 24 % des nouvelles ententes commerciales étaient dans les marchés émergents et en développement.

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La CCC a travaillé avec 197 exportateurs canadiens sur les marchés de la défense et des pays émergents et en développement dans 25 pays

NOTRE RENDEMENT : FAITS SAILLANTS

- 76 % des nouvelles commandes en 2006-07 provenaient des États-Unis, ce qui a contribué à renforcer un complexe industriel de la défense nord-américain intégré
- 24 % des nouvelles ententes commerciales étaient dans les marchés émergents et en développement
- Un chiffre d'affaires total de 1,2 milliard de dollars
- Un excédent d'exploitation de 3,5 M\$
- Un niveau record de frais pour un total de 8,5 M\$
- Des protocoles d'entente ont été conclus avec des partenaires clés

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